



Legislative Assembly of Alberta

The 27th Legislature  
Second Session

Standing Committee  
on  
Resources and Environment

Department of Agriculture and Rural Development  
Consideration of Main Estimates

Monday, May 4, 2009  
6:30 p.m.

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The 27th Legislature  
Second Session**

**Standing Committee on Resources and Environment**

Prins, Ray, Lacombe-Ponoka (PC), Chair  
Blakeman, Laurie, Edmonton-Centre (AL), Deputy Chair  
Berger, Evan, Livingstone-Macleod (PC)  
Boutilier, Guy C., Fort McMurray-Wood Buffalo (PC)  
Drysdale, Wayne, Grande Prairie-Wapiti (PC)  
Griffiths, Doug, Battle River-Wainwright (PC)  
Hehr, Kent, Calgary-Buffalo (AL)  
Mason, Brian, Edmonton-Highlands-Norwood (ND)  
McQueen, Diana, Drayton Valley-Calmar (PC)  
Oberle, Frank, Peace River (PC)  
Webber, Len, Calgary-Foothills (PC)

**Also in Attendance**

Notley, Rachel, Edmonton-Strathcona (ND)  
Taft, Dr. Kevin, Edmonton-Riverview (AL)

**Department of Agriculture and Rural Development Participant**

Hon. George Groeneveld    Minister

**Support Staff**

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
Micheline S. Gravel	Clerk of <i>Journals</i> /Table Research
Robert H. Reynolds, QC	Senior Parliamentary Counsel
Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Erin Norton	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Communications Services
Melanie Friesacher	Communications Consultant
Tracey Sales	Communications Consultant
Philip Massolin	Committee Research Co-ordinator
Stephanie LeBlanc	Legal Research Officer
Diana Staley	Research Officer
Rachel Stein	Research Officer
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

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Monday, May 4, 2009

[Ms Blakeman in the chair]

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

**The Deputy Chair:** Well, good evening, everyone, and welcome to the Standing Committee on Resources and Environment. This evening the committee is meeting to consider the estimates of the Department of Agriculture and Rural Development for the fiscal year ending March 31, 2010. To start out, I would like to ask members to please introduce themselves. We'll skip over the minister and his party, and then we'll come back to you and ask you to introduce all of the people that have come with you.

I will start out by saying that my name is Laurie Blakeman, and I am greatly honoured to be the MLA for the fabulous constituency of Edmonton-Centre, in which you are all situated at this moment.

I'll ask Len to . . .

**Mr. Webber:** Thank you, Madam Chair. Len Webber, Calgary-Foothills.

**Dr. Taft:** Kevin Taft, Edmonton-Riverview. I'm here as the opposition critic.

**Mr. Drysdale:** Wayne Drysdale, Grande Prairie-Wapiti.

**Mr. Berger:** Evan Berger, Livingstone-Macleod.

**Mrs. McQueen:** Good evening. Diana McQueen, Drayton Valley-Calmor.

**Mr. Oberle:** Good evening, Madam Chair. Frank Oberle, Peace River.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Deputy Chair:** Rachel, could we ask you to introduce yourself, please?

**Ms Notley:** Rachel Notley, Edmonton-Strathcona.

**The Deputy Chair:** Thank you very much, everyone. I'm assuming you all noticed that I'm not Ray Prins. Ray has been unable to join us this evening, so as deputy chair I get to step in and chair the meeting on his behalf. I also get to review the various processes for the consideration of the estimates, and my thanks to Karen for providing those special notes for me.

The first thing to remember is that the votes on the estimates and on any amendments which may possibly be moved tonight are deferred until we meet in Committee of Supply for the final vote, which is currently scheduled for May 7. Also, any members who are wishing to present amendments are reminded that they need to have had the official stamp of Parliamentary Counsel and have been presented to Parliamentary Counsel no later than 6 p.m. on the day that the amendment is to be moved.

The standing orders of the Assembly that govern who can speak apply in this committee as well for consideration of the estimates, so members of the committee, the minister, and other members who are present may be recognized to speak. Department officials and member staff are permitted to be present, but they are not allowed to speak. Members, of course, may speak more than once; however,

speaking time is limited to 10 minutes for each go, and a member and a minister may combine their time for a total of 20 minutes. I would ask that you please signal, before you start speaking, whether you're going to go it alone for 10 minutes or whether you're going to combine with the minister. It really helps us with the record keeping, and I will be rude and interrupt you if you don't tell me.

This evening we have three hours in which to consider the estimates of the department. If prior to this we reach a point where members have exhausted their long list of questions, I'm sure, then the department's estimates are deemed to have been considered for the time allocated, and we will adjourn.

Points of order will be dealt with as they arise, and the clock continues to run while those points are being debated.

Of course, the setup is that we commence with a 10-minute opening from the minister, followed by one hour's worth of consideration by the Official Opposition member, followed by 20 minutes from the third party member who is with us. At that point for everyone's comfort we will take a five-minute break, and I will enforce the five minutes.

**Mr. Boutilier:** You sound grumpy today.

**The Deputy Chair:** I am the soul of sweetness and light, and you had best all remember that. [interjection] It is good.

Minister, would you be so kind as to begin your remarks, please, and introduce the people who have come with you.

**Mr. Groeneveld:** Well, thank you very much, Madam Chairman. Of course, the first change I have to make is to go to Madam Chairman instead of Mr. Chairman and members of the committee. Today I'd like to highlight how the 2009-10 budget for the Ministry of Agriculture and Rural Development extends our commitment to the agriculture and food industry as well as our dedication to rural development, both vital pillars of our economy.

Agriculture and Rural Development staff work hard towards fulfilling that commitment and towards building vital relationships throughout the ag sector. I'd certainly like to introduce to you a few of our staff. Joining me here today are Brad Klak, Jim Carter, John Knapp, Mike Norris, Colin Jeffares, Cathy Housdorff, and Jason Krips.

Madam Chairman, we are seeking approval of the ministry budget of \$1.1 billion, an increase of \$127 million from last year's budget. The increases include projections in our business risk management programs such as production and hail insurance and AgriStability. Other increases include additional funding for the livestock and meat strategy and the community development trust.

Madam Chairman, there has been much discussion about farm safety recently, and I would like to address that issue first. I'd like to emphasize that safety is of primary importance to me, and as I have often said, one farm fatality is one too many. We need to work diligently to ensure that Alberta's farms are safe places to work and live and play. I'm pleased to update you on the status of the joint industry feedback process about farm safety initiated by Employment and Immigration and Agriculture and Rural Development. As directed by Employment and Immigration Minister Goudreau and myself, our departments are working with the agriculture industry on farm safety issues.

Our specific focus is on farms and agribusinesses that have paid farm workers. A feedback process engaging a broad spectrum of producer and stakeholder groups has begun, and an unbiased external consultant has been hired to gather industry feedback until the end of June. Recommendations will be forwarded to the government in time for the fall session.

We believe that training and education remain key for the safety of our farm families. Our own ARD staff does much of this, and in addition we have a network of organizations like ag societies, ag service boards, 4-H, and industry partners who work with us delivering farm safety programs. Our staff trains and works with farm safety trainers throughout the province.

Now let me bring you up to date on other matters. Today agriculture remains a significant contributor to the economic well-being of our province, employing more than 85,000 Albertans: 61,000 in primary agriculture and about 24,000 in the thriving food and beverage manufacturing business. Overall I am pleased to tell you that farm and agrifoods generated \$10.1 billion, or 21.9 per cent, of the total Canadian farm cash receipts last year, the second highest in the country. In 2008 crop market receipts totalled \$4.6 billion. Livestock market receipts were at \$4.3 billion, and program payments to producers stood at \$1.1 billion. Those totals stand 15.2 per cent higher than in 2007, a remarkable achievement. Preliminary estimates show that Alberta's food and beverage manufacturing sales set a new record at \$11.7 billion in 2008, and that is an increase of 8 per cent over 2007, another outstanding result.

The global reach of Alberta's agricultural products has grown considerably. Agrifood exports reached a record \$8.1 billion last year, an increase of more than 25 per cent from 2007. Madam Chairman, the growing international market for Alberta's agricultural goods represents a major focus of ARD's efforts this year.

6:40

The significance of agriculture in Alberta is undiminished. It has grown from a solid, local, domestic industry to western Canada's breadbasket. Today agriculture in Alberta has become a business of international scale, value, and stature, and so have the demands placed on us to ensure food safety and the security of supply, which is why we are devoting so much time and effort to programs like the Alberta livestock and meat strategy and, indeed, to traceability.

Much still needs to be done. Six years later we continue to suffer from the lingering impacts of BSE. Other countries, including our biggest trading partner, the United States, are demanding country of origin labelling. The need to meet those foreign regulatory requirements, requirements that were imposed upon us by our trading partners, led to the creation of the Alberta livestock and meat strategy and the Alberta Livestock and Meat Agency to oversee these crucial marketing activities. Our government recognizes the importance of that initiative, and last year we invested \$300 million in the livestock and meat strategy for the second phase of the Alberta farm recovery plan, that went directly to producers.

We also made difficult decisions to support our livestock and meat strategy. We reduced the department by 131 full-time equivalent positions, and we reduced program spending in the department by \$30 million. We took that \$30 million in savings and plowed it back directly into the Alberta Livestock and Meat Agency, so that important initiative was well seeded, requiring us to request only \$25 million in new funds. In total this year we will invest an additional \$55 million in the Alberta Livestock and Meat Agency's program budget to focus on building a sustainable and globally competitive livestock and meat industry.

Yet some markets still resist our overtures and assurances and refuse to open their borders to Alberta. Canada has been trying for more than five years to restore market access to South Korea, which banned Canadian beef in 2003. In 2002 South Korea was Canada's fourth-largest beef export market, valued at over \$50 million. While we support the WTO trade action as an appropriate response to unjustified trade barriers, we absolutely cannot sit back and rely on that alone to solve our industry's competitive position. Traceability,

differentiation, and enhanced food safety and animal health will strengthen our ability to compete in the global market.

Our strategy is directly responding to what the Asian markets and consumers have told us they want. We are also bolstering our international marketing efforts with the strategic move of bringing over 15 people and transferring \$1.7 million to Agriculture and Rural Development from International and Intergovernmental Relations. Alberta producers will benefit from these efforts, and their direct connection to ARD gives them ready access to our field specialists, agronomists, economists, researchers, and soil specialists. This builds on our internal strengths and grows our in-house expertise.

We are also working to protect Alberta producers from volatile impacts that are beyond their control, like the weather and the uncertainties of global markets. As a result, our budget request includes \$473 million for insurance programs offered through the Agriculture Financial Services Corp. Last year we had extensive hail and drought damage, which stretched our resources and increased government's exposure to losses. Enhancements included coverage for new crops like canary and camelina and increased reseeding benefits for unseeded acres, a benefit that reflects the new reality of higher fuel and fertilizer costs.

**The Deputy Chair:** Mr. Minister, one minute.

**Mr. Groeneveld:** Besides weather, price risk is something that Alberta crop farmers face every year, and crop insurance has historically been proven the most effective way to manage that risk. With that successful program in place, we will also introduce a cattle price insurance program. It's the first of its kind in Canada and will help protect cattle operations from the market.

We will provide better access to capital for Alberta farmers with increased loan limits through AFSC. The maximum loan guarantee for an individual entity increases to a cumulative total of \$5 million, up from \$2 million. We will also support larger scale projects by increasing the loan limit to \$25 million from \$10 million. We are responsive to agriculture income support, and we will set \$347 million, including \$137 million in provincial contributions, under the ag stability program.

We are continuing our support of rural development, addressing such important issues as rural capacity building, connectivity, and rural economic activities. Through cross-governance collaboration ARD will further enhance rural policy and support strategic initiatives as guided by Agriculture and Rural Development.

**The Deputy Chair:** Thank you very much, Mr. Minister.

Now, Dr. Taft, would you choose to take your 10 minutes to yourself or share?

**Dr. Taft:** Well, sure. If the minister is game just to have more of a conversation and go back and forth, that would be my preference if we can give it a try.

**Mr. Groeneveld:** It works for me.

**The Deputy Chair:** All right. We'll give you notification at the end of the first 20 minutes.

**Dr. Taft:** Sure. Thank you very much. I appreciated the minister's comments. I'm sure you've had a busy few days. Let's hope that the history of the BSE crisis doesn't repeat itself for the pork industry, which would mean that you're going to have a really tough year or longer ahead of you.

I'd like to start off just by asking a little about the budget process. I have gone back over a number of years, and there's no question that there's been quite a significant growth in the expenditures in the department. We all understand that there's the occasional spike like with BSE, but the long-term rise in expenditures is pretty significant. Even this year – and I'm looking right now at page 56 of the estimates, the very first line, department voted – you're requesting under these programs \$621 million, almost \$622 million, which is up a fair bit from what was budgeted last year although what was actual last year with the extra \$300 million really muddies the figures.

I'm going to start with a fairly fundamental concern here, which seems to be the unrelenting increase in expenditures in agriculture year by year over the last decade. Mr. Minister, you used the term "sustainability" in your opening comments. I'm going to express my concern as a citizen and as a legislator that the unrelenting increase in expenditures on agriculture is not in the long term sustainable.

I'm also concerned with a budget process that sees, for example, \$300 million of extra funds voted in December. I'm concerned that that came out unexpectedly and that we could face the same thing again this year. Why are we seeing agriculture expenditures increase so unrelentingly? This is, after all, more and more just about business and less about preserving a way of life. We don't see this kind of expenditure going out to very many other business sectors.

So my question is about budget processes and sustainability initially, just a general discussion here. I'm concerned that what we're seeing is not sustainable.

**Mr. Groeneveld:** Well, thank you, hon. member. You're quite right, I guess, on the fact that H1N1 couldn't come at a much worse time as far as I'm concerned right now. But it's here, and we deal with it as we move through. I can assure you that certainly there's no comparison to BSE on the two issues. Pending some surprises, I guess, on the hogs that we have quarantined right now, which I don't anticipate – they seem to be 99.9 per cent sure where they're at and, indeed, are going to quarantine them for that time.

6:50

I would say that keeping agriculture sustainable is an issue, I guess, with every ministry, probably. I think that probably in agriculture we're doing a lot better than would jump out at you when you see what's going on. I think the dollar figures – and we can probably pull some of them out for you. The variances in there come through the AFSC programs, perhaps, which depend on the weather, how many acres are seeded. Of course, we're dealing with the fed-prov programming on these issues, so a lot of them are beyond our control. I guess we're at the mercy of where the rest of the fed-provs want to move. Whatever the case might be in these cases, we have to come up with 40 per cent of the funding, and if we run into some of the issues like we did last year, like the potato cyst nematode and the disasters, which kind of force us back to Treasury Board for interim funding, we don't enjoy that, but it's totally beyond our control.

The \$300 million that jumps out at you – and why wouldn't it? – because of the difference in there was because of the Alberta farm recovery program that we had. In December it became evident where we had to go. That program is now over, and of course that's why you see that. It's paid out. As I said, the total amount went to the producers. AFSC looked after the programming and funding, so the money all went to the program. A big part of that, of course – we talk about some of that, and I'm sure we'll talk about it a little more – is the food safety issue. I'm sure you're going to bring that up somewhere along the way. The public is certainly – what would we say? Not only in Canada but all over the world, wherever we go,

food safety is the issue that's front and centre all the time now. You know, we have to move ahead on the food safety issues and the traceability. There are dollar costs to this.

Go ahead.

**Dr. Taft:** Okay. Sure. One of the things I'm concerned about is an unpleasant surprise next December or November, another \$300 million for some equivalent of the AFRP or something else. I think we all understand that there are genuinely unpredictable disasters: BSE, maybe H1N1. We understand that. But some of these seem less like emergencies and more like an underpinning of chronic problems or chronic issues in the structure of the agriculture business, frankly. I mean, at some point – and I've said this in the Legislature – the taxpayers are going to start saying: well, we don't want to keep putting all this much money into that. They're going to say: you know, this has to go the way of Chrysler and General Motors; something has got to get restructured. So I'm sitting here as a legislator and as a representative of taxpayers looking for some reassurance from the minister that aside from genuine crises we're not going to see an AFRP version 2 or some other \$300 million bill which just goes into what seem like chronic subsidies of the ag sector. What reassurance can you give me that aside from genuine crises this is all the money you're going to want for the whole year?

**Mr. Groeneveld:** Well, you know, there's always a danger in saying: you bet, that's all I want for the whole year. We all know that there can be disasters in there. But, you know, you make a very good point. I heard you say it in the House, and I was ready to bring that up when you started questioning how much more money we are going to put out. I think you were talking ad hoc payments and well you should be. I was so pleased with you. I looked up, and I said: he gets it; he gets it.

That's how the Alberta livestock and meat strategy came about. When I first came into this job, the red meat industry, particularly the pork at that time – there was a stack of letters on my desk to greet me saying: you've got to help us out. I went to Treasury Board, and Treasury Board responded exactly like you just did. They said: "Okay. I think maybe we've seen this enough." They threw a proposition at me that said, "Can you come up with a long-range plan that will get us out of this entitlement mentality, I think, that we've got ourselves into?" because, to be honest with you, at that particular stage I think we had put \$2.2 billion into I guess it would be the cattle industry, basically, at that time, and we were in worse trouble than we were before.

When we put in the livestock and meat strategy – and I'm sure we'll talk about this as we go along a little bit – I went back, and I called the cattle people together and the pork people and all the groups. We got them together and said: "Okay. Here's the deal. Treasury Board said, yes, they'll find some ad hoc money to get you out of trouble right now, but you have to come up with a long-range plan." That's how the Alberta livestock and meat strategy developed. They all had input into the plan. They will tell you different, but that's not true. They were all consulted, and we put a committee together; hence, the Alberta livestock and meat strategy came about.

Since then, now, we've got a long-term plan for livestock in place. We still don't have that WTO agreement that we so desperately would like. I spent two different sessions in Geneva last year thinking we were going to get there, and that hasn't happened. Now it looks like a possibility that we're going to get called back again. They seem to think it's moving ahead again. That would make a tremendous difference to us if we could get that in place where we wouldn't have to compete with the budget of probably the EU and the Americans, basically, in their stabilization program.

We have put more insurance in place with the cattle price insurance program.

Hopefully, that answers some of your questions of how I'm trying to stay away from coming back and saying . . .

**Dr. Taft:** Right. Okay. Before we move on to some other issues, just on the budget process in general. The AFRP, the \$300 million, that's fully paid out, you said, I believe.

**Mr. Groeneveld:** I think just the remnant – yes, I think just about all. There were some that hadn't got their forms completed quite properly and this type of thing.

**Dr. Taft:** Okay. That was paid out in two stages, as I recall. Is there a list of who got those payments? It was distributed on a per-head basis, wasn't it?

**Mr. Groeneveld:** Yeah. I expect there is a list someplace, no doubt. You'd better have one someplace.

**Dr. Taft:** It would be very helpful if the minister could provide that.

Just to be really clear, then, I mean, I guess the way I would put it is if next December or even 18 months from now or two years from now we're back into the same pattern again, then the long-term plan didn't really work. That's hypothetical. We don't need to spend a lot of time on that, but I hope I'm expressing more than just my view – I know that this is shared by many citizens – that at some point, and the minister said this, the industry is going to have to wean itself from this sense of entitlement. I won't dwell too much on that.

Do you want to add any last comment?

7:00

**Mr. Groeneveld:** That's a fair comment, I think. But, you know, it's hard. I guess Alberta is still the place to be because most provinces didn't come up with any money. Finally Saskatchewan did a little while ago. Just on that \$300 million, you know, in that process we found 4,600 producers out there we didn't know we had, which surprised us a little bit and, of course, triggered an imbalance. We thought we were going to run out. We guessed we'd find a thousand; we didn't think we'd find 3,600 more. So then, it kind of skewed the payments. They weren't \$150 and \$150, and that caused a little bit of concern out there.

**Dr. Taft:** Yes, it did, and I heard about some of that, too.

Another concern that I heard a lot is that the industry is being restructured, with the encouragement of the government, to favour the larger players and to discourage the smaller ones. You know, we had our set-to in question period today. Certainly, that's a common concern, that things like ALMA and the strategy and the AFRP and so on are all skewed towards helping the big players, and if the little guys don't tag along, they're out. There's a real concern that the industry is getting restructured on those lines with the government's full encouragement. I get that a lot. Sometimes I see evidence of it.

**Mr. Groeneveld:** No. I wasn't quick enough on my feet to call you today on it. The agency is now an incorporated company, and it's arm's length from government. If you look at the makeup of the board that I've appointed, I think you'll find that there is one knowledgeable hog person in there, two knowledgeable cattle people, and the rest of them, I guess, don't consider agriculture to be – what's that word? – their forte or whatever it is. These people look at it very differently. They don't look at large producers, small

producers; they look at the industry as a whole. So I take issue with the fact that you keep bringing up that I'm trying to go to the large producers and weed out the small producers.

Let's be honest and talk about the cattle business. There's great angst; there's great separation in there within their industry. I've worked with the cattle people since October 16, 2007, to get them together and work out their problems. Some of them were more than willing to do that; some of them were not. It's tough, when one team has all the marbles in a game, to negotiate for the others. They have some good ideas out there; some really good ideas. But if the people with all the marbles don't want to play the game, you can see the frustration that goes on out there. I trust the cattle producers out there, whether they're primary producers, whether they're backgrounders, whether they're feeders. I trust these producers that they will go ahead and try and advance this industry.

We've gone for six years since BSE, and as I said, we're in worse shape than we were. Technically that started before BSE, that down curve. I know; I was there. The cattle prices weren't a whole lot. In fact, I guess the BSE crisis in a lot of respects – when you inject \$2.2 billion, you know, we kept a lot of people in business, maybe including myself, that maybe shouldn't have been in business. You didn't ask me that question directly the other day, but before you get a chance to stand up and talk, I wanted to say – because the industry is up there and said: if you don't comply with what we're telling you to do, you have to exit the industry. I want to get on the record here as well that I've never said that. You'll never find that I ever said that. But people have taken that to the next step, and they keep repeating it and repeating it.

That's not the issue. What I stated at that particular time was, you know, that if you're considering exiting the industry – and a lot of people are, for reasons of age more than anything – now might be a good time to take your share of the \$300 million and exit the industry. I still stand by that. That was the right statement. And some people did, by the way.

**The Deputy Chair:** Dr. Taft, we're reprogramming to add back in the minute and 13 seconds that you lost due to the microphone problem. You'll hear a second bell go, and that's the end of your 20 minutes.

**Dr. Taft:** Okay. You mentioned the governance of the Alberta Livestock and Meat Agency, and that's a question I had. It's referencing, just for the sake of the record, page 59 of the estimates, and it's vote 6.0.1. We're looking at \$56 million this year going from government coffers to the Alberta Livestock and Meat Agency Ltd. The minister mentioned that the board of governors is appointed by him. I don't have a list of the names, and I probably should. I'm sorry for that. My question is around the process that the minister followed to appoint these members.

I'm just going to draw two quick comparisons. Our concern is around best practice – best practice. I think that in the long term we're all served by best practice. I'm not trying to stir up a controversy, but I think that there are two areas where the government is not following best practice. One was on AIMCo, by appointing as vice-chairman somebody who is an active investment banker in their own right. So suddenly you have an active private investment banker also looking over a massive investment pool of public funds. People in the industry will quietly say: that's not best practice; you're either one or you're the other. That was a problem on that board.

The second problem where best practice was not met by any standard of real corporate governance was with Alberta Health Services when the head of – I won't name companies – a major

engineering firm, whose company does millions of dollars of business with that agency every year, is then appointed to the board of that agency. It's not best practice, and it raises problems. It already has in relation to controversies around the shortcomings of the Mazankowski.

I want you to tell me the procedures you followed when you appointed the board of governors of this agency that's getting \$56 million of taxpayer money in this budget. Did you, for example, consult with Neil McCrank's report on agencies, boards, and commissions, that sort of thing? Can you, for example, guarantee me that none of those board members have any business interests connected to that agency?

**Mr. Groeneveld:** I guess it was last July when we did the complete review of the programming and we realigned our department. Of course, that's where the monies came from, the \$30 million, from the operating budget. Then we went to Treasury Board for \$26 million. That's where the dollars came from that you're talking about.

When the livestock people met with the committee that formed the basis of ALMA, which was approved, by the way, by our department, it was evident that – and I can say this, being a farmer myself – we wanted people with expertise in marketing without looking out for their own best interest. I met some of the people that I wanted on there. One of the gentlemen, by the way, his name is John Weekes. We can supply you with a list of the people if you want it.

7:10

**Dr. Taft:** Sure. Yes, I'm sure you can.

**Mr. Groeneveld:** There are no secrets about that. He was our senior policy international trade adviser at Sidley Austin based in Geneva. That's where I met this gentleman. As we had breakfast with him one morning, talking about the world situation and trade and agriculture, I thought, you know, this is the type of person that should be on that board. We did background checks on all these people and whatnot. A gentleman like that right now is just amazing. Here he is sitting in Geneva. He has access to virtually every country. He can walk into their offices and speak to them, and he's obviously doing that. It's quite amazing.

Then when we go across the other ocean, Harry Hayakawa – I can't say his Japanese name, but that's what it is – I met him when we were in Japan two years running now. This gentleman was the chairman of the Japan Meat Traders Association for I don't know how many years. He's now retired. He speaks great English. I thought: you know, there's someone over here that knows the situation. That's the type of person we brought on.

Of course, Joe Makowecki, who's the chair of the board, was in the food processing business with Cheemo perogies here in the city. I saw him on the AFSC board, so I stole him from that board, thinking: there's an excellent chairman. He doesn't know anything about cattle, pigs, hogs. He knows about perogies and marketing perogies.

These are the type of people we put on there. After we got, I think, the original four, they came together and said: okay; these are the skill sets we think we should have on this committee.

**Dr. Taft:** Okay. Are there some clear policies that you as the minister laid down for managing that \$56 million budget that set out a best practice around conflict of interest and around codes of conduct? If there are, can you make them available on the website? If there aren't, would you please establish some?

**Mr. Groeneveld:** You're absolutely right. Yes, we have a code of conduct in place.

**Dr. Taft:** Maybe through the committee clerk you could . . .

**The Deputy Chair:** Yes. It's through the clerk, please. Any written information you're supplying to the individual questioning, could you please supply it to the clerk. Then it's shared with all members of the committee.

**Dr. Taft:** Okay. Appreciate that.

Let's move on to something else you mentioned in your opening comments and that has come up once or twice and is exceedingly newsworthy. That's around food safety. As it ought to, it turns up in a number of places in both the business plan and the estimates. In the business plan and in your opening comments you talked about food safety and traceability and so on as a very important challenge. I think everybody here understands that, anybody who's paying attention, even a city guy like me. The way I look at this budget on page 59 of the estimates, and I'm looking here at line 4.0.6, the expenditure on food safety is actually taking a fair decline. It's dropping from forecast expenditures last year of almost \$32 million to a budgeted amount this year of \$19 million. In '07-08 the actual expenditure was about \$26 million. So we're quite a lot lower than the last couple of years at least. In principle that's fine, but for an area that's a priority and that's so crucial for our international credibility, why is that number dropping?

**Mr. Groeneveld:** Okay. Good question, and I think I actually have a good answer for you.

**Dr. Taft:** All right. That would be wonderful.

**Mr. Groeneveld:** The budget was reduced \$15 million due to the funding for the SRM disposal winding down. What's the proper name for SRM? I guess everyone knows what I'm talking about here.

**Dr. Taft:** Yeah. Something risk material.

**Mr. Groeneveld:** Specified risk material is winding down. Okay. We put in, I think, about \$20 million, and the feds put in about \$20 million. We're not sure what's going to happen because the feds are part of that going in. Then we directed the funding to the ALMA board, so now they're taking over part of the food safety issues. That money goes to them, and we sent seven full-time employees over there as well.

**Dr. Taft:** Okay. Just so I'm clear, then, the responsibility for the risk material has shifted to ALMA?

**Mr. Groeneveld:** Not the food safety portion of it, no. We're not sure, I guess, when the funding runs out on that. We haven't made any arrangements with the feds if we still do that.

**Dr. Taft:** Okay. How is the risk material going to be managed, then? I don't know the answer. I'm not trying to trick you into anything. If we're winding that program down, is the full cost transferred onto the producer or the plant? What's going on there?

**Mr. Groeneveld:** Yeah. It goes to March 31, 2010, now, but then we have to work that out. That's why it came about in the first place, because there is quite a cost with it. Well, it's going to be \$40

million over four years, I think. That was the regulatory burden. You kept hearing the producers saying that the regulatory burden is getting too high, and that, indeed, is the case.

**Dr. Taft:** Yes. Okay. If that's going through to 2010, then that's continuing. Then why the drop in the budget for food safety, or did I miss something there? It's dropping from a forecast expenditure of \$31.7 million to \$19.2 million. I'm on page 59 of the estimates, line 4.0.6.

**Mr. Groeneveld:** Yeah. It's not the food safety. It is that SRM program. Right?

**Dr. Taft:** Well, in mine it says food safety.

**Mr. Groeneveld:** The program is winding down.

**Dr. Taft:** I had understood you to say that the program is continuing until the end of March 2010.

**Mr. Groeneveld:** Yeah, but there's still a significant amount there. Right?

**Dr. Taft:** This is the last phase of that SRM funding. All right. Then that food safety line might even be smaller in the following year. Okay. I've got you on that. That risk material is still getting generated; it's still out there. So how is that cost being transferred to the producer in some way? What's happening to the specified risk material now?

**Mr. Groeneveld:** Well, that could happen if we don't find some way of working with the feds to extend that or whether we're going to put more money into that program.

**Dr. Taft:** Okay. Well, maybe I'm just missing something here. Food safety, we all agree, is a real high priority. Specified risk material is one of those things that our consumers are really anxious about. The program is getting phased out, and I'm just wondering, if it's phased out in this budget, who's picking up the gap. What's happening to that risk material?

7:20

**Mr. Groeneveld:** The food safety budget will not go down, I can guarantee. That program, which I guess you call part of food safety, that's where we have it in here. Okay? But the ALMA board is picking up the traceability now, and we will also have some money into the traceability, so that will be a part of their play but not totally. We will still be involved somewhat, of course. We're not just totally pushing food safety over there.

**Dr. Taft:** Okay. I'm going to try one more time. There are costs with managing the specified risk material. We all understand that. The government helped through the transition to pay for those costs. The government is now phasing that program out. We're in the final phase this year of government support for that. So has the full responsibility for those costs been passed over to the producers?

**Mr. Groeneveld:** Not yet. It could get there, I guess. I'll tell you why. On food safety, the SRM material, we take them out. We do more than the U.S. does. We have a longer list of things we strip out of that. Okay? I would probably be fighting to keep that list going, that's better than the U.S., because if we go overseas, it's going to be a marketing tool in our tool box by having a better program.

**Dr. Taft:** Absolutely. I'm with you on that. I guess I won't repeat it all.

**Mr. Groeneveld:** Also, the big part of the SRM was that there were some capital costs in there. Of course, that is there now.

**Dr. Taft:** All right. Food safety is such a priority, and it's so timely now. My goodness. On page 59 of the estimates on the line that says food safety, line 4.0.6, there's quite a significant drop there. Some of that is SRM. You're phasing that out, and I'm still not clear on who's picking up and who's stepping into that gap. Is there something else there? It's entirely related to phasing out of managing and contributing to the costs of the specified risk material. That's entirely it.

**Mr. Groeneveld:** Yes.

**Dr. Taft:** All right. Thank you for that.

We're still on that page. If we go up a few lines from food safety to 4.0.2, food chain traceability – these are all interconnected in their own way – there's quite a dramatic drop in that as well, from a forecast expenditure of almost \$4.3 million to about \$900,000. Can you just tell me why that has dropped off?

**Mr. Groeneveld:** Sure. I guess the traceability part of it is a main component of the Alberta livestock and meat strategy. A comprehensive traceability system is key to achieving this, you know, and helping us to manage any animal health concern or disease outbreaks. Because it plays such an important role in the strategy that supports things such as premise ID, age verification, it has been reallocated to the livestock and meat strategy. That's where it's going. Like I said, that's why I was kind of a little bit upset with your question today when you were talking about age verification and you were accusing me of having a double standard on it. Age verification is such a key component of the traceability and the premise ID and the whole traceability system.

**Dr. Taft:** Okay. Well, we won't revisit question period.

What you're telling me is that the change in expenditures for food chain traceability is because that money has been transferred to the Livestock and Meat Agency.

**Mr. Groeneveld:** Right. Along with some FTEs. Right?

**Dr. Taft:** Yeah. The money, I assume, represents staff.

**Mr. Groeneveld:** Yes.

**Dr. Taft:** Okay. In terms of working on a national level on food safety issues, again, the timing is so acute right now because of the pork issue. Is there money in this budget that will be supporting national initiatives on traceability and food safety? I mean, how are we working with the federal government on those issues? How are we supporting that as Canadians? I understand that Manitoba is into this pork problem in a far bigger way, a more serious way even than Alberta. We're in this as Canadians. How through this budget are we working with other provinces on a national traceability and food safety strategy?

**Mr. Groeneveld:** That's a good question, a timely question because of the pork issue right now. I guess, you know, let's not fiddle around while Rome burns here. Why I say it's very timely is because we've got a national conference call with all the provinces and the federal minister tomorrow morning.



**Dr. Taft:** Okay.

**The Deputy Chair:** Just while we have a short break here, I'm wondering if I can prevail upon you two to allow us to introduce members of the committee that joined us some time ago. Would that be all right? We won't start the clock until we've done the introductions.

**Dr. Taft:** Since they are such special guys, it's okay with me.

**The Deputy Chair:** Minister, may we?

**Mr. Groeneveld:** Yeah. Absolutely.

**The Deputy Chair:** Thank you very much.

**Mr. Boutilier:** We weren't sure if the minister wanted us to be introduced, but I'm glad to see that he's agreed to allow us to be. Guy Boutilier, from Fort McMurray-Wood Buffalo.

**Mr. Griffiths:** Doug Griffiths, Battle River-Wainwright.

**The Deputy Chair:** Thank you very much. They have been here for some time.

Please proceed.

**Mr. Groeneveld:** I also answered your question there. We're working very closely with the feds, you know, on a national strategy. The fed-prov: we've got one coming up here, I think, July 9. I'm hoping we can get something national in place although Alberta seems to have to take the lead most of the time. These issues work so much better if they're done across the board.

**Dr. Taft:** Okay. So when I'm trying to imagine where those resources for that national strategy in co-operation and co-ordination are in this budget, would I find those resources in the Alberta Livestock and Meat Agency budget, or would I find them somewhere in industry development and food safety?

**Mr. Groeneveld:** The estimate of \$877,000 for food traceability is used to fund the departmental services that support traceability. It will allow us along with them to continue the management and the research and the implementation of the strategy. Can I tell you exactly what the strategy looks like now?

**Dr. Taft:** I'd love that.

**Mr. Groeneveld:** I can't do it right now.

**Dr. Taft:** Oh, you can't.

**Mr. Groeneveld:** Maybe after July 9. I'm hoping that we'll have something concrete in place. You know, your point is well taken. We go to a fed-prov, and we talk about these things, but talk is cheap. Getting, of course, 10 provinces and the territories and the feds all herded onto the same page is a bit of a trick sometimes.

7:30

**Dr. Taft:** Given the crisis with the H1N1 flu – it seems there are some serious new wrinkles in the last couple of days, even the last few hours – do you expect that to have an effect on your budget?

**Mr. Groeneveld:** Well, I'm hoping not. I think you asked the

question today: are you working with the hog people? We're collaborating with them, of course. What does that particularly involve? In the – what would you say? – business risk management suite there is AgriRecovery, which does cover disasters such as what could come about here. Now, having said that, at the end of the day we still have to come up with 40 per cent, right? We've got monies kind of set aside for these types of things. This is in AFSC's house over there. So unless it's a really, really costly disaster.

**Dr. Taft:** Okay. Well, we can't predict the future, so I won't dwell too much on that.

**Mr. Groeneveld:** No, we can't, but something like this calls your attention to it right away.

**Dr. Taft:** It sure does.

While we're still on food safety here, if we go to the business plan – it's this document here; it's the one I'm working from – page 35, one of the performance measures I thought was quite interesting. I'm reading from the business plan. This is actually highlighted in it: "Percentage of Alberta licensed abattoirs that have added a preventative system to their existing food safety system." That would be, I guess, to meet the red meat/meat facilities standard. It's to increase quite dramatically, which is heartening. Fifty-two per cent was the last actual, and that was in '07-08, and the target for this year is 85 per cent. So a jump from 52 per cent of Alberta licensed abattoirs to 85 per cent meeting the standard: how is that being fulfilled, and what is that costing the taxpayer, if anything? Or is this something where the cost is being fully borne by the abattoirs?

**Mr. Groeneveld:** Well, I suspect there are some federal monies in there, but we have federal and provincial, you know, right now in the abattoirs. My wish in this world is that we could get to one standard that would cover it. Unfortunately, the cost of the provincial one, probably more capital cost to get to that standard, could put them out of business, I guess, because the cost would be too high if we raised the bar that high. That's why we're striving to get that percentage up. We're working directly with these plants, and I think probably AFSC has monies available if they want to take that jump and improve the plants or upgrade the plants. This is not grant money.

**Dr. Taft:** This would be a loan, in fact.

**Mr. Groeneveld:** This would be a loan.

**Dr. Taft:** Okay. So just help me here. I should know this, and I don't. Which standards are higher? The federal ones or the provincial ones?

**Mr. Groeneveld:** It depends who you ask. Presumably the feds have a little bit more stringent measures.

**Dr. Taft:** Okay. If we're trying to get everybody onto the federal standard, which I think makes sense – I think we both agree – to get from 52 per cent of the Alberta licensed abattoirs and raising that standard up to 85 per cent and 90 per cent, if the taxpayer is on the hook for any of that, it would be in the form only of loans through AFSC. Is there a connection to budget expenditures to meet that business goal?

**Mr. Groeneveld:** Well, I think that probably we have some in there. The food safety part of those monies could be used for that.

**Dr. Taft:** Do your staff know what the figure is? Is that a multimillion-dollar expenditure? Is it hundreds of thousands or tens of millions? I have no idea. I've never run an abattoir myself.

**Mr. Groeneveld:** Well, you know, 97 per cent is done federally.

**Dr. Taft:** Maybe your staff could just provide it later through the clerk. Just to be very specific here: what is the cost of meeting performance measure 4(a) in the budget? I have no idea what that figure is, but it's an important initiative. We're really on food safety, I guess, because it's so timely.

I raised a concern a few days ago in question period, and you and I differed, which is okay. That's part of what question period is about. It was about the agribusiness and product development grants, which are in here somewhere. I could take a minute to find them. The announcement was made a week or so ago, as I recall, and there's federal and provincial funding combined to reach I think it's \$273 million, if I'm right. One of the programs that I focused on was the automation and lean manufacturing program. That caught my eye because the grants can go up to \$5 million, if I'm correct, or 20 per cent of the total expenditure.

I'm wanting to know how those grants are allocated. I'm going to be blunt here. I don't find very many other businesses getting multimillion-dollar grants to upgrade their capital. This is one of those things that makes me wonder why the ag industry isn't standing more on its own. What are the provisions around those grants? It's a lot of money. You know, \$5 million isn't going to go to upgrade just a one-section family farm. That's going to somebody's big business. Why in the world are we giving multimillion-dollar grants to big businesses?

**Mr. Groeneveld:** I apologize for not recognizing what you were talking about. You didn't call it by the proper name, and when you threw those numbers at us, indeed you were talking about the Growing Forward announcement, that we had made the day before.

Now, these are dollars that are available to go to all Alberta companies. This isn't just cattle. This is people that grow carrots or peas, veggies, food processing, whatever the case may be. It's a joint program with the feds. Part of that money was federal money, and part of it was our money that goes into that. That's the best one we have out there, really, or the worst one for you to ask that question about because there's no way, probably, that large industry is going to get a portion of that. Yes, they'll qualify for some, but this is more tailored to the programs that we have in there. It's not all been established. That just got signed up shortly before we made the announcement.

**Dr. Taft:** I'm assuming that it's somewhere in here. You announced the Growing Forward program. I sure as heck hope that money is covered somewhere in this budget. Please tell me it is.

**Mr. Groeneveld:** Our portion is; the rest isn't.

**Dr. Taft:** The provincial portion is, yeah. Okay. Playing the role of a hard-nosed, penny-pinching taxpayer, why are millions of dollars of taxpayer money going in grants to these companies when all kinds of companies in my constituency never get any grants and, frankly, never think about it or never want any? Why are we giving carrot growers or potato growers or anybody else these kinds of grants to just do what they should be doing as good businesspeople?

7:40

**Mr. Groeneveld:** Well, I guess so, but part of it is, for me, to grow

the secondary portion of the industry. We've got to get away from this mentality of being the raw-product exporter type of thing. That's where I'd like to see a little of this money go, and I think that's kind of where the intention of this was.

Now, getting back to loans, this gives some of these people the ability to leverage some of this money and use it. This isn't just agriculture. Now we're talking about the food processors, which are mainly in Calgary and Edmonton. They're eligible for this. As a matter of fact, in the past, with some of the programs we've had, they've really benefited from these programs as a secondary processor. Some of it is just to get them there, and then some of it is to help the ones that are there.

**Dr. Taft:** Okay. Well, in principle I'm questioning why those grants are going to that sector when lots of other sectors aren't getting that kind of generosity from the provincial government. I'm also concerned that those monies will end up largely in the hands of, you know, the bigger feedlots, the 40 or so big feedlots or the companies that, frankly, I'm tired of propping up. If they can't at some point walk on their own two feet, then let them go.

**Mr. Groeneveld:** You know, I've got to be honest with you. I just don't see that money going there at all.

**Dr. Taft:** Okay. One of the challenges in trying to connect this budget to that expenditure is that I don't think there's a specific line in this budget or a set of lines in this budget for this Growing Forward initiative. I'd be interested to know, for example, how much of the \$273 million is going to the Growing Forward program. How much is going to the automation and lean manufacturing? How much has your department budgeted for that, for example?

**Mr. Groeneveld:** Well, our portion is budgeted in there. The Growing Forward bilateral agreement between the government of Canada and the Alberta 2009-10 budget already includes the program's expenditures that will be credited towards the provincial contribution under the agreement. Federal funding for Growing Forward is included in the federal budget. It's not in our budget.

**Dr. Taft:** No, of course not. Right.

In your budget somebody must know – and, again, maybe you want to provide this through the committee clerk. You know, I'm remembering somewhere seeing a news release a week ago or so on that whole program and the different components of it. It would be very useful to know how much was budgeted for each component. How much is going for the lean manufacturing? There was an environmental one. I can't remember them all. If your department could provide to us through the clerk just those budget chunks. It's just probably one level of detail more than what's in this estimates book.

**Mr. Groeneveld:** Well, that's right, because it's so new. This program is going towards 21 different programs, and remember that this is over five years.

**Dr. Taft:** Okay. That's very useful.

How much time do we have, Madam Chair?

**The Deputy Chair:** Three minutes and 27 seconds.

**Dr. Taft:** Okay. I was glad to hear the minister open up with a few paragraphs on farm safety, and you know that I will continue to press that issue. Boy, there's so much here.

If we go to the estimates – it's a complicated department with lots of agencies. I know the minister has got his hands full keeping track of it all. Page 70 of the estimates specifies the budget for the Alberta Livestock and Meat Agency, and one of the expenses is board governance, which is \$2.4 million. Why is board governance costing \$2.4 million for that agency?

**Mr. Groeneveld:** Okay. You threw a curve at me by starting on farm safety.

**Dr. Taft:** Oh, sorry. I just wanted to acknowledge that you clearly are sensitive on that issue at least, but I was going to move on from there to just some other budget questions.

**Mr. Groeneveld:** Yeah. Okay. Fair enough. On the food safety part of it what we've told you in the House, or told the House, is where we're at with Employment and Immigration.

**Dr. Taft:** Right. Okay. But because we only have so little time, I'm looking at page 70 of the estimates. It's the budget allocation for Alberta Livestock and Meat Agency, which is a brand new organization, I understand. Board governance of \$2.4 million jumped out at me as a lot of money. I'm wondering why the taxpayers are on the hook for \$2.4 million for board governance?

**Mr. Groeneveld:** There's quite a bit involved in there. Of course it includes staff, support for the five advisory committees that we have in there, public consultation. Do we know how many times they're going to meet with the advisory committees? I think four times a year. So we're bringing a whole bunch of people, you know, into these.

**Dr. Taft:** Okay. Well, it strikes me as quite a lot of money for board governance.

As we're talking here and I'm reflecting on our earlier conversation, I notice under the Alberta Livestock and Meat Agency expenses that there's nothing specifically about food safety although we've talked about food safety a lot. I don't know where in these categories that food safety work of ALMA would be: supply chain development?

**Mr. Groeneveld:** Probably all three of them: innovation, supply chain, and the strategic development. I suspect it would be in those three.

**Dr. Taft:** Well, just because it's such a priority issue, I thought it might have had its own line.

**The Deputy Chair:** Thank you very much, Dr. Taft.

**Dr. Taft:** Thank you, Mr. Minister.

**Mr. Groeneveld:** I suspect that by next year it will, hopefully.

**The Deputy Chair:** Okay. Thank you very much.

We are going to move on to Ms Notley. Would you like to take your 10 minutes to yourself or combine it with the minister's?

**Ms Notley:** No. I'll carry on in the same way.

**The Deputy Chair:** Okay. You're rolling.

**Ms Notley:** I'd like to carry on in the same way, if that's okay, that

you've been going, and we'll see if I take up the whole amount of time or not.

I guess I'd like to start very quickly following up on the line of questioning that we were just going on because I had also noticed that and I had been following the previous discussion in the attempt to sort of figure out what had happened to the food safety line item. It was a bit confusing to follow that. I'm going to sum up what I think I got from the conversation to this point, and then you can jump in and tell me if I'm incorrect or where I am or clarify it.

We have line 4.0.6, which was at \$31.6 million and is now at \$19.1 million. That is the food safety line. We've got about a \$12 million deficit there, or shortfall, from what you were forecasting from last year. We had the discussion about how that line item was primarily related to – what was it that you were calling it again? – the SRM.

**Mr. Groeneveld:** The SRMs.

7:50

**Ms Notley:** Yeah, the SRMs. Part of the reason for the reduction is because this year the SRMs are phasing out or rolling down or whatever the discussion was. Then we are not sure what's going to happen next year in terms of federal funding and provincial funding. Then the question was raised that, well, notwithstanding that it's sort of slowing down and that part of the program is finishing, there must still be an ongoing need for that program and what is provided for that program in the area of food safety. So the question was: as this one runs down, what is filling in the gap? Then there was the conversation about some of that work being picked up by ALMA. My question is that we seem to see this roughly \$12 million reduction. Were we to get a more line-by-line breakdown of the ALMA budget, would we find \$12 million in there at this point dedicated to some version of food safety?

**Mr. Groeneveld:** Not to this particular program, right? No. In our department ALMA's food safety, you know, comes out of the other three that I think the hon. member just talked about, the innovation, supply chain, and strategic development. That's in there.

**Ms Notley:** Right. My question is: would we find \$12 million shared between those different line items somewhere? If we were to take ALMA's budget on page 70, and let's say that we actually had it broken down so that we were looking at 20 line items instead of, you know, the one, two, three, four, five, six that we have, somewhere in there would we find that \$12 million?

**Mr. Groeneveld:** No. Not for that specific project because that isn't their responsibility necessarily.

**Ms Notley:** For any food safety initiatives?

**Mr. Groeneveld:** Oh, absolutely. You're going to find a lot more than that, more than \$12 million on food safety, but we're coming back to the SRM issue here, so we want to kind of keep them separate.

The other part of that – and I think we finally got to it at the end – was that there was a lot of capital cost in there that's now in place for some of the slaughterhouses.

**Ms Notley:** It's very difficult to follow because we have different line items and we have different program names and then we have different types of programs. You know, as has been pointed out, this is a very sensitive area. People are very concerned about it, so we're trying to figure out what's going on.

Let me put it this way, then: were we to subtract what had previously been in 2008-2009's version of the food safety line item, what portion of that was capital investment that's not necessary anymore?

**Mr. Groeneveld:** Well, I certainly wouldn't have that number. Just to get you a little bit of ease with ALMA and the animal health and food safety, some of their policy and governance areas that they are looking at are to expand animal health surveillance and diagnostic capabilities; increase prion research to eradicate BSE, CWD, and scrapie; set standards for testing food pathogens; adopt preventative food safety systems and proactive detection of food safety hazards. That's in their bailiwick to move forward, but it has nothing to do with what we're doing with SRM.

**Ms Notley:** Right. Okay. I'm not even really distinguishing between SRM and other food safety initiatives. All I'm doing is being very simplistic because, you know, I'm from the city, and we're talking about agriculture, so it's going to happen.

**Mr. Groeneveld:** Yeah. But you ate supper tonight, so you're in agriculture.

**Ms Notley:** I know, but not downstairs.

My question is, you know, whether we're talking SRM, whether we're talking other food safety initiatives, if we were to look at what was in line item 4.0.6 under '08-09 forecast, which was the roughly \$31.7 million, and were we to take that \$19.1 million and add to it whatever portion had been capital costs from the previous year and whatever amount somewhere is found inside of the ALMA, although we don't quite know exactly where, would we end up with the same amount, \$31.7 million, or more or would it be less?

**Mr. Groeneveld:** Okay. You're still mixing the apples and oranges here a little bit with food traceability.

**Ms Notley:** No. I haven't even talked about traceability. That's a different line item.

**Mr. Groeneveld:** The SRM and the food safety. Okay. To make those numbers just come out like that, I guess, with a little digging on capital costs, which probably – do we have that?

**Ms Notley:** If it would be helpful for you to provide more detail on this after the fact through the committee chair or through the committee clerk.

**Mr. Groeneveld:** Jim has come up with: \$9 million out of the \$12 million is capital cost.

**Ms Notley:** Okay. Then we probably would find the other \$3 million somewhere in ALMA?

**Mr. Groeneveld:** Jim says that that's research and provincial adaptation.

**Ms Notley:** And where is the capital?

**Mr. Groeneveld:** Well, the various – but when you say where . . .

**Ms Notley:** Where did it go?

**Mr. Groeneveld:** To the various slaughter plants, and we have a

tipping fee because most of these, unfortunately, SRM materials other than the ones that go through the kiln are rendered, and they're still put into landfills. There's a cost of freight in there, tipping fees, but there's infrastructure to do that.

**Ms Notley:** Can I get a listing from you, perhaps after today, in more detail on where those went, where that money went, to whom? That would be helpful.

**Mr. Groeneveld:** Okay.

**Ms Notley:** Thanks. I'd like to quickly – because I'm going to run out of time pretty quickly – shift gears from food safety to farm safety. There's been, of course, a lot of talk about that. I guess I'd like to start with – I read in the media, and you know sometimes there can be a mistake there, but I did read at one point that there were roughly three or four employees within your ministry who are assigned the task of doing education for the roughly 50,000 farms in the province. Is that an accurate number, and if not, can you tell me what is the accurate number?

**Mr. Groeneveld:** Well, I guess they're responsible for working with the 4-H and the ag societies, and we've got one other working on that, working with them. So they're not responsible for all the education. They're assisting these people as they go out there with the education. Of course, you've obviously heard about the group out of Raymond, Alberta, the people that we have there now, the ladies that started their safety smarts program there. They started in schools in 1999. They covered 2,230. I think it's grade 6 classes that they go to. This year they're going to be up to 33,240. They're province-wide now. I've funded their budget, which they run on a shoestring, but they do a masterful job.

**Ms Notley:** Then in terms of staff in your ministry we are still working with the four FTEs, roughly, who are basically working with public service groups who are educating in whatever forum they are able to.

**Mr. Groeneveld:** Right. Those employees are the ones that work directly with these people, but there are 30 others out there that work under these people, that make the contacts out there. Now we've got 13 hub offices opened up in the country this year, so we've got people back out in the field in those offices, which would be over and above these yet. Slowly we're getting back out into the – you know, we used to have home economists, district agriculturalists. We cut them back. Obviously, we went way overboard doing that, and you know people are really appreciating these people back out in the country again to have that contact, whatever the case may be.

**Ms Notley:** That is definitely a good thing, having had my ongoing need for home economists.

Anyway, if I could just back up a bit, I mean, I remember, certainly, as a child being involved for a bit of time in the 4-H, and I don't remember seeing anybody there who was an adult who had arrived as a temporary foreign worker being connected to and engaged in 4-H and learning about workplace safety stuff there. Do you really think 4-H is the right mechanism to be teaching workplace safety standards to temporary foreign workers?

**8:00**

**Mr. Groeneveld:** They're just one of the tools we use when we're out there, as we talked about before. I think they're a wonderful tool. I hope you're not suggesting that we don't work with 4-H on that.

**Ms Notley:** Not at all. I'm just saying that 4-H from my experience was completely not – I've spent quite a bit of time doing health and safety education and enforcement, and I also was in 4-H. It was just two entirely, entirely different things. In terms of teaching people that it's not only their duty but their right to say no to engaging in an activity in the workplace which puts them at risk, 4-H is not the place where I've ever seen that taught. More to the point, though, 4-H is not an organization that's designed to reach out to people who've arrived in the community three weeks earlier as part of a temporary foreign worker program.

**Mr. Groeneveld:** No. I think about when you were in 4-H. Can you, indeed, think when I was in 4-H, how things have changed and improved and what more they do now than they did at that particular time?

Outside of 4-H, of course, we have the temporary foreign workers safety program.

**Ms Notley:** Right. Except, of course, not for agriculture workers.

Maybe if I could just ask my last question on this one. You did say you have hired somebody that you described as neutral. I'm just wondering if you could tell us who that is and provide us with a resumé or a background, a bio of some type, on them and also provide us with a list of who that person will be consulting with between now and I believe you said it was the end of June.

**Mr. Groeneveld:** I think I said we'd have that report in the fall.

**Ms Notley:** Oh. I thought I heard the end of June.

**Mr. Groeneveld:** Yeah. I don't think that will be wound up by the end of June, probably. We can get you a list of some of the stakeholders. We're adding to that, I think, if anybody comes up with a group that should be involved in the stakeholder groups in some way, shape, or form. I know I've added a couple myself in the last few days. These guys should be involved, you know, in making these decisions.

**Ms Notley:** Yes. If you could provide us with that, I can certainly think of some groups that would be quite interested having the opportunity to consult and, in large part, to provide more evidence and advice about how it works in every other province without killing the agriculture industry.

I'd like to quickly flip over, then, to some recommendations that the Auditor General made. I believe it was in 2005-2006, actually. I note that in April of '09 the AG noted that these recommendations have not been addressed. Once again, they do tend to deal with that area that we are all a little concerned about. I see in 5.5, Alberta Agriculture's surveillance program:

We recommend that the Department of Agriculture . . . improve the administration of its food safety surveillance program. This includes:

- Documenting its prioritization processes;
- Involving partners in the prioritization of projects;
- Ensuring conditions for the approval of specific projects are met . . .
- Capturing costs for large projects;
- Monitoring the impact of surveillance projects;
- Considering whether regulatory support for the program is required.

That was one.

Then there was a key one asking that inspection and investigation be improved through a broader range of enforcement tools, inspec-

tions being up to date, and practices being made consistent with respect to complaints and incident reports.

I think there was one more.

It was just last month, I believe, that the Auditor General noted that these issues have not been addressed yet. I'm just wondering if you could talk a little bit about where your ministry is with that and where we would see some attempt to respond to the Auditor General in your budget.

**Mr. Groeneveld:** To my knowledge we have pretty much satisfactory progress on all of those issues that you just put out.

**Ms Notley:** I believe it was on page 120 of the April '09 report, which unfortunately I don't think I actually have with me, saying that ARD had not complied with three different recommendations regarding food safety. Perhaps I'm in error.

**Mr. Groeneveld:** As I've said before, you know, our take on this is that we've made satisfactory progress, so we're subject to the June update.

**Ms Notley:** I do believe those recommendations are listed on the list of outstanding recommendations of the Auditor General's report in '09.

**Mr. Groeneveld:** Yeah. These guys are telling me that we've met with them since that report, and it's been satisfactory progress at this point.

**Ms Notley:** So you've met with him since this came out in April?

**Mr. Groeneveld:** Yes.

**Ms Notley:** And he's changed his characterization of these recommendations?

**Mr. Groeneveld:** That's my understanding.

**Ms Notley:** Okay.

**Mr. Groeneveld:** We don't take food safety lightly; I'll tell you that.

**Ms Notley:** I just had one other thing here, I think. I don't have it in front of me, but one of your business strategies was with respect to moving and supporting the growth of innovation in the industry of agriculture. I note that there is a notable decrease in agricultural research in line item 4.0.3. I'm just wondering if you could talk a little bit about what prompted that and what impact you think that would have.

**Mr. Groeneveld:** Thank you. Part of that could be, I suspect – and I don't have it right in front of me here – maybe some of the transferrals over to ALMA.

**The Deputy Chair:** Mr. Minister, I hesitate to interrupt, but I must. Thank you very much. The time has expired for the third party. At this point we will allow the *Hansard* staff and the minister's staff, all of us, in fact, to take a five-minute break. I will ask the clerk to start the timer. Please, seventh inning stretch, walk around a bit, have a drink of water, for five minutes.

[The committee adjourned from 8:08 p.m. to 8:14 p.m.]

**The Deputy Chair:** I'm pleased to welcome everyone back. The list I have for questions is commencing with Mr. Oberle, followed by Dr. Taft, then Mr. Berger, followed again by Dr. Taft, Len Webber. I have no others on the opposition side that have indicated at that point. Welcome back, everyone. Thank you very much. I believe we can commence.

Mr. Oberle, would you indicate whether you wish to take the 10 minutes to yourself or to combine it with the minister's?

**Mr. Oberle:** We'll combine, go back and forth. I don't think I'll actually use the full time.

**The Deputy Chair:** Okay. That's fine. You've got 20 minutes, and the clerk is setting it now.

**Mr. Oberle:** Thank you, Madam Chair. Good evening, Mr. Minister. I do have a couple of questions for you about food traceability. But just before we go there, I want to go back to an area that the hon. Member for Edmonton-Riverview covered, that being expense increases.

You used the words "unrelenting increases" in the budget over the years for Agriculture and Rural Development. If I could refer you to page 64 – feel free to correct me if I'm wrong – the way I read this budget, roughly \$127 million more in expense this year in the 2009-10 estimate than appeared in the 2008-09 budget, but that is offset by \$114 million more revenue, which is largely government transfers, premiums, fees, and licences, for a \$13 million or so net operating result difference between '08-09 and '09-10. I don't know that I would characterize those as unrelenting increases. Furthermore, the vast majority of that spending is on two lines, insurance and rural development and regulatory services. I don't think you would characterize those as subsidies to the agriculture industry, would you, Minister? That word was used before, too. I don't think you would characterize insurance and rural development as a subsidy.

**Mr. Groeneveld:** No.

**Mr. Oberle:** No, you wouldn't. Okay. Thank you for that.

In fact, wouldn't it be fair to say that if, indeed, there have been increases – and there have been over the years – additional programs like insurance, like food traceability are in fact designed to help the agriculture industry stand on its own, as the hon. Member for Edmonton-Riverview insisted we should be doing? I think that's a fair characterization of the programs that have been added in the last few years. Is that not the case?

**Mr. Groeneveld:** Yes.

**Mr. Oberle:** Okay. I want to just briefly hop back to page 59, line 4.0.2, the estimate of \$877,000 for food chain traceability. You did address this with the Member for Edmonton-Riverview, and I'm not sure that I understood the answer. You had \$877,000 for food chain traceability against a budget of \$3,868,000 in the '08-09 year, so a very significant decrease in the food chain traceability, in fact, when compared to the '08-09 forecast, an even more significant decrease. Could you explain that decrease a little better?

**Mr. Groeneveld:** Okay. Thank you, hon. member. Traceability, you know, is certainly such a big part of where we're trying to get to now, and it's a main component of the Alberta livestock and meat strategy, which was announced, of course, as you know, in June to help the industry become more competitive and, certainly, more

profitable. A comprehensive traceability system is key to achieving this, and it becomes more and more obvious. As the hon. Member for Edmonton-Riverview said, the hog situation certainly piques our attention very quickly right now. We certainly have to manage any animal health concern or disease outbreaks.

**8:20**

Because traceability plays such an important role in the strategic funding that supports it, the premise of ID and age verification is being reallocated to the livestock and meat strategy. That's, of course, where we show the differentiation of where the monies appear to kind of go down, but that's not the case at all. You know, we can't pull it out line by line, and perhaps down the road I guess we probably should do that because the traceability portion becomes so ingrained in what we in our department still try and accomplish along with the livestock and meat strategy people, who I know it's paramount for.

It's very interesting when I see how they are already starting to show some results, I guess, for lack of a better word, when we've got these marketing issues that we would like to address and access the people, particularly in Japan, I would say. The gentleman we have there thinks that this should certainly give us such a leg up. Of course, true to Alberta, as usual I think we're certainly leading the issue here in Alberta. Not everyone is buying in.

It's very interesting when we talk about traceability, age verification, premise ID, to see Secretary Vilsack, the Secretary of Agriculture from the U.S., musing a week or two ago about perhaps they were going to have to go there with their producers. He also mused that he thinks he would probably have to make it mandatory because he expected some push-back from the agriculture sector and particularly the cattle people out there, which tells me that American cattle people and Canadian cattle people, indeed, are very much alike. Change doesn't come easy. It's hard to fathom for me because I'm a cattle person myself. The status quo hasn't been working, but to still kind of resist this type of change just for the sake of resisting doesn't make a whole lot of sense to me.

I think we just move on with the other provinces. It's very interesting to watch what has happened next door, in Saskatchewan, with some of the age verification particularly that we've moved on as the government itself, probably for political reasons, you know, said: "Okay. Well, we won't make you go there." They've revamped their cattle groups there into one group, and indeed the cattle groups are now out there advocating and pushing their own government to move ahead. In fact, they criticized their government when they gave out their, for lack of better words, ad hoc payment because it certainly wasn't tied to anything. They didn't tie it to traceability, like we did, or age verification.

I think probably we're on the right track. We're hearing good things from the other provinces. You know, I think we've said all along that these programs are much more powerful if they're national, and we're getting a lot of buy-in and a lot of interest right now.

**Mr. Oberle:** Okay. Minister, you've defined, you know, on that item, food chain traceability, that a significant amount of the money is in fact flowing to ALMA. Judging by the fact that you've retained \$877,000, there is some dual role, some dual responsibility, I guess would be the term. Could you describe what the department's role in using that \$877,000 would be? Is there any danger of duplication with ALMA, or are you on a different mission entirely there with that remaining money?

**Mr. Groeneveld:** That's interesting. That's a good question. The

department certainly has a regulatory role in this. I think what we're allowing to happen – and I'm not blaming you people or even myself. We kind of get wound up in this food chain traceability as being more tied into the livestock industry, into the red meat industry, which, indeed, is not the case out there. You know, the food processing industry, for instance, organic farming is a huge one where traceability is going to become a big play for them to get to where they want to be and actually declare where they truly are organic farmers out there.

Farmers' markets are out there every day now. It's very interesting how people are starting to resist the importation of foods. You may think I'm talking about offshore foods, but even from the U.S. and, indeed, even from the other provinces now. If they can find this food within a 100-kilometre radius of where that farmers' market is, they're more than happy to do that. But still, you have to have a mechanism. These groups have been coming to us and saying: could you please out of the department help us with going to traceability, you know, with vegetables, with the other growing Alberta programs that we have out there?

It has just got to the point where we don't want to lock ourselves into the red meat situation, which is pretty much what ALMA will do with their portion of it. We've got to stay away from the duplication. There's no doubt about it. So, you know, the department certainly has a regulatory role in there, as I said.

The other thing, working with advanced education on some of the program reviews to avoid some of the duplication that's out there right now I think is going to pay dividends. I know even within our own department when we reduced the department down in size, we reduced a lot of duplication in there. But now, you know, heading under Minister Horner, advanced education, we're going to review further in the research and the programs that we have out there. There are only so many dollars, as the hon. minister would say, for the taxpayer out there, and we've got to make the best use of them.

**Mr. Oberle:** Okay. Thank you for that, Mr. Minister. I'll surrender my time.

**The Deputy Chair:** Thank you very much.

The next person we have on the list is Dr. Taft.

**Dr. Taft:** Sure. I think it's going great, so if we can just carry on the conversation, I'd appreciate that. I appreciate the comments from Mr. Oberle, who has taken on the role of bird-dogging my comments. So, you know, one bird dog to the other, I do want to make a couple of points here.

I notice that on the page that Mr. Oberle mentioned – I appreciate the discussion there – the revenues coming in from various sources, the largest increase is transfers from the government of Canada, which have more than doubled in a couple of years. I'm on page 64 of the estimates. I think it's worth noting that, in this case at least, Ottawa is substantially increasing its contribution to the agriculture sector, so some things do come back from Ottawa.

When it does come to the subsidies, I just want to make this point because it goes back to what we were talking about before, and it does reflect on Mr. Oberle's comment. My struggle when I'm confronting my constituents is that – you know, I could pick a number of examples just off the top of my head. There are a number of bakeries in my constituency. When those people need to upgrade their equipment, buy new ovens that are more energy efficient or whatever, spruce up their store, there's no government program, as far as I know, for them to do that. My neighbour's company manufactures oil field manufacturing equipment, and they're constantly updating their technology in competing around the world. That's their business, and they have to do it.

8:30

My concern is that when we have millions of dollars going to support food processors or other aspects of the agriculture sector for capital grants or whatever else, it seems like it's just not fair to all those business people who make investments on their own. I just need to say that, and I hope the Member for Peace River was listening because there's no question that there are subsidies here, and I'm not sure they're handed out fairly.

If we could turn to page 58 of the estimates, it's a page we've spent a bit of time on, not a whole lot. On line 3.0.2 – just by coincidence the Member for Peace River mentioned this – there's quite an increase. It says: rural co-ordination and strategic initiatives. That's budgeted this year to be \$11.6 million. The forecast for last year is just under half of that. The actual from two years ago is a tiny fraction of that. We go from \$1.4 million to \$5.7 million to \$11.6 million for rural co-ordination and strategic initiatives. What is that?

**Mr. Groeneveld:** Okay. Just to catch up on some of your earlier comments there, through Growing Forward all food processors are eligible, even your bakeries in Edmonton here or the food processors. They're all eligible under that program.

**Dr. Taft:** Hey, I'll go out and tell them. I'll let them know.

**Mr. Groeneveld:** Oh, don't think they don't know. What is it they call it? The automation and lean manufacturing program. They've been in. They came in and talked to me. They're very interested because of what we've done with the Alberta livestock strategy. That's piqued their interest to the point where the food processors are kind of collaborating with the crops people out there, and the crops people – we're always talking about ALMA and the meat strategy – are wondering: where are we going? They're secondary processors, most of them, for the crops people, so they're thinking: is there anything that they along with the crops people might put together that might resemble something like ALMA, with a budget of their own, you know, a strategic group of people working with them the same as the ALMA. It was just musing at this point. They certainly have noticed what's going on. I'll tell you that the food processors are not afraid to come in and tell their story along with the other agricultural people. I appreciate that because they're a big portion of things.

We got the new community trust; it's federal monies that come in. We're going to allocate \$9 million of that to the broadband out there right now, and \$15 million will go just to the communities away from the broadband.

**Dr. Taft:** Okay. Is this rural co-ordination and strategic initiatives, or is this something different?

**Mr. Groeneveld:** Yep.

**Dr. Taft:** Oh, it is. So it's \$11.6 million on my page 58. The numbers that you just gave me added up to more than that, I think. Maybe I was mistaken.

**Mr. Groeneveld:** Well, I think I could get pretty close here. If I read off the proper notes I have in front of me, it would probably help.

**Dr. Taft:** Okay. Super. Thank you.

**Mr. Groeneveld:** The \$1 billion community trust is designed to help

the provinces and territories assist the communities in creating greater economic self-reliance. Here is the break. Agriculture is using our share to fund two programs: \$9 million for the rural connections community, which I just talked about, a three-year program in grants to rural and remote communities for broadband projects in the related skill development, and we will work with Service Alberta on that one; and the rural community adaption grant program will provide \$15 million over three years to support projects that will help rural communities transition and adapt to more diverse economic opportunities. I think that the numbers should add up pretty close when we do that for you.

**Dr. Taft:** What does that mean? More diverse.

**Mr. Groeneveld:** Oh. I'm sorry. Over three years.

**Dr. Taft:** No. I understand. I got that figured out. Thanks.

That last phrase there, to help rural communities "adapt to more diverse economic opportunities," when you were describing the \$15 million over three years: could you just repeat what you said?

**Mr. Groeneveld:** On the last one?

**Dr. Taft:** Yeah.

**Mr. Groeneveld:** To support projects that will help rural communities transition and adapt to more diverse economic opportunities.

**Dr. Taft:** To have more. Okay. So that's an economic diversification program.

**Mr. Groeneveld:** Right.

**Dr. Taft:** Okay. If you have an example, that'll be great. If you don't, we'll move on.

**Mr. Groeneveld:** I think probably the guys can come up with something. That's under way. We'll move on, and if they can, we'll get it to you.

**Dr. Taft:** Okay. Terrific.

I can't help coming back to farm safety. The Member for Edmonton-Strathcona asked some questions about the number of staff on farm safety. Obviously, from our perspective, with an interest in farm safety, you look through here and there's no line in the budget for farm safety. It's folded into other programs. Nothing necessarily wrong with that. One of the things that has been brought to me is the idea of actually having, in effect, safety consultants for farms make farm visits. Diana the farm safety expert goes to the farms in a particular area and works directly with the farmers on identifying and addressing farm safety issues that maybe the farmers never even thought of, didn't think, whatever the issue was, was a danger. I understand that sort of thing has been done or is done in other provinces. It's not necessarily a police force; it's a consultant going out on safety issues to the farm. Is that done here, or could some consideration be given to that?

**Mr. Groeneveld:** Okay. Of course, we're going back to education on a lot of this. It's not done here per se as you're describing it. Now, there was some of that in the environmental farm plan, I believe. I think I'm right on that. They went out and actually inspected, you know, some of the environmental safety things, which of course turned into safety issues in some cases.

**Dr. Taft:** Sure. That could be looking at storage tanks or chemical disposal. Okay. Did that work?

**Mr. Groeneveld:** Yeah. They worked on a lot of the best practices issues; you know, open septic tanks and this type of thing. That was on a voluntary basis.

**Dr. Taft:** Okay.

**Mr. Groeneveld:** It's interesting. I'm not sure what they're doing in Saskatchewan, but when I quizzed the Saskatchewan people about it, they said that it wasn't working very well. Now, I don't know why. I think what you're talking about is putting someone on the farm and pointing out the hazards out there. There's certainly nothing the matter with that. I guess what scares farmers is basically if you're going to kind of go under the Workers' Compensation and: thou shalt have to change this. The financial issue starts to scare the pants off them right away. This is what we've got to come up with when we have this discussion.

**Dr. Taft:** Sure. Okay. So we're trying to advance the issue some. This was actually brought to me by a safety expert with a farming background, and he had mentioned Saskatchewan. My understanding was that it was helpful in Saskatchewan. The way you described the environmental one, it would be a similar idea, a walkabout with a farm safety expert on your farm. You know, the reaction from the farmers might be, "Gee, I never thought about that" or "That's a good idea" or "I didn't know there was a solution to that." Anyways, if you put that in your next budget, you wouldn't find me complaining about it. You'd find me supporting it.

8:40

**Mr. Groeneveld:** Yeah, but you'd find something else.

**Dr. Taft:** Well, sure. You know, that's my job.

**Mr. Groeneveld:** I didn't quiz in Saskatchewan whether they thought it wasn't enforceable or maybe they didn't do follow-up audits or whatever the case may be.

**Dr. Taft:** Sure. I'm not talking about a police force here. I'm just talking about a more proactive form of education.

**Mr. Groeneveld:** Right. Now, we do have a safety audit CD that is available to people.

**Dr. Taft:** Yeah, but it's not the same as walking around.

**Mr. Groeneveld:** I'm just trying to point out what we have.

**Dr. Taft:** Okay. Terrific.

Let's shift gears to another of our favourite question period topics, check-offs. This is all in flux right now, but can I take it that there would be no reflection of any check-off money at all in this budget? One of the issues that's being expressed right now is that if the check-off is made refundable, the funding that goes to the national agencies, to the Canadian cattlemen and whatever they all are, for international lobbying and product development could be lost. Then I'm wondering: well, if that's lost, is that an accurate perception, or is there a risk that it's going to end up coming out of the budget somewhere? If the \$3 dollar check-off is suddenly pulled, then the functions for that and supporting activities in Washington or Ottawa or other things: what happens to those? Is there a risk that that'll rebound under your budget?



**Mr. Groeneveld:** First of all, I have great faith in my fellow cattle people out there that they're not going to take all that money and run. Now, traditionally on the ones that are refundable, I think 7 to 8 per cent do ask for their monies back, but the nine commissions that are refundable, that's about the number they face. They're doing very well, thank you.

If any association isn't meeting the needs of the people out there, there's no way that they can do anything about it because it's always mandatory. It's still going to be mandatory, by the way, okay? Alberta Beef Producers, for instance, are still going to collect that money, but you have to ask for it back. There's a one-year grace period for them to get their house in order.

**Dr. Taft:** Okay. You know what? We don't need to debate the bill here. We'll have lots of time. I'm just wondering about the budget implications of this.

**Mr. Groeneveld:** There will be no budget implications.

**Dr. Taft:** There's no risk of any rebounding for those responsibilities onto your budget? Okay. Then I'll take your word for that. That's good.

Why don't we talk for a minute about the farm fuel benefit program. This is something that's attracted the attention of the Auditor General and the attention of all kinds of motorists who don't get that benefit. There have been questions about the number of individuals who are registered in the program versus the number of farmers, and there seems to be more people registered than there are farmers, which then raises a question there. It's not a cheap program. It's a significant amount of money. Where is your department now in verifying the applicants and going through the renewal processes?

**Mr. Groeneveld:** Okay. Much to the Auditor's delight the process is going right now, and we're doing it over three years, including me; I think I've been notified. I've had to verify that I am a farmer, indeed. Correct me if I'm wrong here, but we're one-third of the way through that process. In two more years we will – this isn't changing the program. This is just auditing who, you know, is using the fuel out there, that they are legitimately using the fuel and whatnot.

Now, I don't think it will change our budget a whole heck of a lot because I think it will just put the money where it belongs. When they're done the three years, I would suspect we'll take a look at the whole program and say: is this the best way to go about it?

**Dr. Taft:** Are there enforcement resources in the budget, or would that be under a different department? I don't know if this still happens. At one time there were spot checks of fuel tanks and that kind of thing.

**Mr. Groeneveld:** Alberta Finance and Enterprise.

**Dr. Taft:** Okay. But they still do that as far as you know?

**Mr. Groeneveld:** Yep.

**Dr. Taft:** Okay. All right. I think I'm very close to consuming – I have two minutes? I assume that's how you meant that, Madam Chair.

**The Deputy Chair:** A peaceful two minutes.

**Dr. Taft:** Peace be with you. Okay.

You know, I'm going to pass it on to the next person, and then I'll collect my thoughts for one more round of questions.

Thank you.

**The Deputy Chair:** Okay. Thank you very much.

The next person on my list is Mr. Berger.

**Mr. Berger:** Thank you, Madam Chair.

**The Deputy Chair:** Sorry. Are you going to save your time for yourself or combine it with the minister's?

**Mr. Berger:** I was just saying thank you to begin with. Now I'll tell you that.

**The Deputy Chair:** I am so sorry.

**Mr. Berger:** Thank you. I will go back and forth with the minister if that pleases the minister. Thank you, sir.

First question. We're going to bounce around a bit here. Page 58 of the estimates, line 2.0.10, \$29 million for irrigation infrastructure assistance is estimated. Can you provide me a little more information on this \$7 million variance from the '08-09 forecast? I assume that some of the difference is in improvements in southern Alberta. That's why I was asking. I thought maybe there was a canal change or something.

**Mr. Groeneveld:** No. A good question because the funding has been consistent on a year-to-year basis, of course, but we wanted to change the timing of some of those grants so that we can better manage our budget priorities such as the specified risk material disposal program, which, as we finally deciphered here, did get extended for the additional year to 2010. In 2009-10 additional funds were added for capital maintenance renewal for the infrastructure, which accounts for the balance of the variance in there. So on that line it isn't all irrigation. There are some other things in it.

I guess the interesting part about how we can probably try and justify how that's money well spent – of course, you're from southern Alberta. You understand the irrigation end of it when we're talking about, I guess, even the water for life strategy or whatever the case may be, how important to us in southern Alberta particularly that water has become, the seepage that we had in there and leaky canals and how we're starting to save water with these capital investments in upgrading the infrastructure and how it's starting to turn out.

8:50

It's interesting because out of the 13 districts that we have out there right now, I think we irrigate 1.3 million acres. As you would know, hon. member, that's a huge increase. From what we've done on the upgrades to the canals and the infrastructure plus what the individual producers have done – got away from flood irrigation, went to sprinklers, have now gone to the drip system and whatnot – we're using less water now than we were probably 10, 15 years ago, just over these improvements.

We've included those acres, but we're still using less water in that process, and I think it's about 48 communities that we're supplying water to as well. To my understanding, I think it's about 5,000 individuals that are hooked onto the water system. You know, there are also industrial water users in there, in that process, and recreation – we can't forget that, for sure; it's starting to show up – and, of course, fish, wildlife.

These guys are doing a tremendous job. I think for us to come up with this extra capital, you know, is money so well spent. Probably the disturbing part of it is that even doing that, we still probably should be doing the upgrades quicker, but the budget will only stand so much. There's so much more that can be done. As you see in the budget, next year we're going back to where we were previously, which, of course, I guess, in the economic life we're in now, is probably a pretty prudent thing to do. But it certainly is money well spent. The line item isn't all irrigation. It's some other programs that we've moved around in there as well.

**Mr. Berger:** Thank you, Mr. Minister. That's an interesting answer. Just to go back a little, at the risk of being, I guess, maybe a chicken hawk since Frank is a bird dog – and that's the fiscal hawk across from me – what you mentioned there, the different services provided through that water and irrigation investment, also goes back to food safety. Many of those plants in southern Alberta rely on that water supply for their cleaning, their whole operation, as well as the communities. There, again, is another safe water initiative, almost, that doesn't show up in your line budget as food safety, per se. Just for Edmonton-Riverview's clarification, some of these things cross over with, you know, a very difficult way of determining how many cents or how many gallons went which direction, just as a clarification.

To go further on that question today from Edmonton-Riverview on the traceability issue, he was making a point on the check-offs and discussed the no plebiscite on age verification or traceability. Now, in the comments – and they're valid, wanting to wean agriculture off of what you were mentioning as the subsidies. Let me be clear and on the record. As an agriculture producer the last thing I want to have to have is a subsidy. I don't want it. If everything is normal, there should be absolutely no need for it. Since 2003 we've been reliant upon a market that is making us more and more unwelcome. To go it from any other market, we have to change the way we're doing things. I think the definition of insanity is to continue doing the same thing and expect different results.

Now, the minister under ALMS has stepped out and made age verification and premise verification mandatory. I don't believe any other way it would ever happen. Could the minister just in answering all this maybe update all of us on what markets we hope to open up? What is available out there by taking these steps and moving forward in probably a different direction than others, maybe industry-driven, were ever wanting us to go? We've relied on the same thing. I've been a producer all my life. Since 2003 I've always thought about who was driving the bus, that we're pointed in the same direction and not starting to vary off of that route, to try new approaches, new angles on this.

That's kind of all over the place for you, but pick a spot to start.

**Mr. Groeneveld:** Well, yeah. Some interesting comments that you made at the end there. To give the ALMA people, particularly from my perspective and our department's perspective, the best tools in their tool box that we can and let them take it from there – let's be very clear about this. The ALMA board has never had a discussion with me about check-off monies or anything. That's my ministry and my department, but I'm thinking that at the end of the day they will probably be the benefactors because of the tools we're going to put out there. As the hon. member has heard me say before, I've been to Asia twice now. I know what they're asking for. We've got to move forward into those markets.

Let me just back up a little bit. Two years ago I went over there, and I always take AFSC along because they bring a different perspective of salesmanship maybe on investors there or here, in any

case. We went out in the first year and listened, kind of gave our story a little bit. We changed our philosophy this year when we went out there, and we decided we're going to say: "What do you want us to do? Where do you want us to go?" That brought up a whole different context of where their thoughts were. It surprised them, I think.

I was there in 1998, I believe. I really hate to admit this, but it was the Liberals with Ralph Goodale at that time. Gee, I even put that on record now. We were over there. The cattle people had barbecues. We went to two big trade fairs, if I recall. Big barbecues, big steaks like this, you know, and big cowboy hats and cowboy boots. That was impressive. But the people were looking at the meat on those barbecues, and they thought: what would I possibly even do with that? It didn't fit their culture or their lifestyle. The sad part is that when we went back two years ago, we caught them doing the same thing. The Americans don't do that. They're a little bit more sales smart, maybe.

So we started to ask them what they wanted, and they started to tell us. They're good marketers. Like anybody in this world, the first thing they always say to you when you're discussing it is: well, your beef is too expensive. That's always the starting point when you have a discussion. Of course, we all do that, I guess, when we're trying to buy something from anyone.

But right away food safety was the number one issue that came up, even to China – that kind of makes you smile just a little bit; they've experienced bad problems, for one thing – along with traceability and age verification. We went to one place in Japan where they put the little reader against the bar code on there, and it said right down to which farm in Saskatchewan that particular hog came from. This is what's going to start selling over there. It's what they're looking for.

**Dr. Taft:** This is safe water.

**Mr. Groeneveld:** Is that safe water?

I suppose you're not allowed to talk anymore. But while I'm recuperating, go ahead.

**Mr. Berger:** Yeah. That's good. The first lesson in that type of thing is that the customer is always right. If you don't want to provide what the customer wants, don't expect them to buy. That's pretty simple.

9:00

Going further from that, there was a brief discussion there on some investment in the secondary processing industry here in the province. Now, we speak quite often in Alberta about shipping bitumen and shipping this, that, and the other thing down the pike and shipping the jobs with it, and I want to be clear on that one as well. As a primary producer I've seen my product go down the train line or the truck line or wherever it went forever, and many jobs left with it. I think that secondary investment here is very wise, especially in a time when we're seeing a reduced world economy and pressure on our other industries. This is wise; it's smart.

What I would say, though, in regard to the comments on the flour, the bakery: do we not still have to sell that wheat through the Wheat Board and then buy it back again? So we get that no-choice matter up there once more. Let's run this thing, thread up every farmer right in the ear because he can't make that choice to sell that to your friend in the bakery business at a price agreeable to both of them. Maybe your friend would even invest in a bit of fertilizer to help the business out. One way or another this could happen, but it can't under the restrictions we're under because, there again, there is no choice.

As a marketer, as a farmer I get to go up – those are the rules I have to play under – and I send it somewhere. In fact, even some of this was being sold to the Wheat Board, moved across the border, and then moved back and resold out of the Wheat Board back to the miller. I really don't see any wisdom in that, but that's an aside.

Five minutes left? Good.

Anyway, with this investment in some secondary processing, once again, that brings jobs. It also goes back to that hundred-mile carbon: buy within a hundred miles, and we're reducing the carbon footprint, that everybody should be thrilled with. We have the ability to grow right here most of these things we're importing.

If you'd like to comment on those secondary investments a little further, pointing out that that is very much needed in this economy and in this agriculture sector to keep those jobs at home instead of shipping them down the pike.

**Mr. Groeneveld:** You bring up some excellent points there. I'll tell you that for the food processors that were in the other day, one of the big issues is still the Canadian Wheat Board on the flour products. The pulse and whatnot they're very happy with. They can, you know, buy on the open market and set their own prices. So it's an issue for them. It's probably a somewhat bigger issue than it is for the average farmer because, you know, I still do have choice. I can choose not to use the Wheat Board altogether and grow something different. That's why choice to me means so much.

The other issue you bring up, the secondary processing. In the process – and I don't know where this will go with ALMA. That's why we turn it over to these types of people. You're absolutely right: we sell those cattle. It depends where you sell them. At the end of the day, whether you sell them through an auction market to the feeder or fatten them yourself and sell them, you turn those cattle over to the packers, and they become their property. When we go and get more market access, guess who really gets the benefit of that? It's the processors. So, yes, it helps. We get some trickle-down effect because we all know how that works. They bid more for the calves.

I'm hoping beyond hope – and I know that they've had discussions. I've had discussions with them. This may seem scary to some people in the room, but with some of these large slaughter plants somehow or other we've got to get some secondary processing going or get some kind of agreement built with these people. I'm not sure how that might look, but that's the step.

The terrible frustration out there, I think, is with the cattle industry because we do exactly what you just described. In turning those cattle over, once they leave your yard, they're gone. If there's any money to be made, it's after that, and maybe there'll be a trickle come back to you, maybe not. That's going the next step. Industry didn't seem to want to go there, and for some reason industry also didn't want to have additional market access until ALMA came along. All of a sudden they've maybe seen the light. The argument was: we don't want to offend that American market. Well, excuse me. I think that probably ALMA has changed the mindset out there to: okay; let's at least try and get some more markets.

On the other hand, I know there's a real reticence out there and still the worry by a lot of people that we will upset the Americans. For instance, let's talk about COOL, country of origin labelling. I guess, you know, we can rest our case. If the Americans need us, they'll use us, but if they don't need us – even if we get market access for up to 10 per cent, that makes a big difference in the pricing system. Hopefully, it will go beyond that, but we're not just going to go and sell a great tonnage of beef all of a sudden. That isn't going to happen. It takes time to get those markets back.

**Mr. Berger:** Just a clarification. Forty-one per cent of the total cattle in Canada are here in Alberta. Sixty-four per cent of the total cattle in Canada are slaughtered here in Alberta. Those percentages are based on 20,474 beef farms, yet one of the issues around check-off is that there were 27,000 check-off participants. Just for further information for others, that would mean that my three kids, when I give them each a calf in the fall for helping, all have a vote as a check-off member. Being that their vested interest was that calf that I gave them, I'm not sure that it's quite fair to me for them to have the same vote, that my three kids could outvote me. So that clarifies that a little for you as well.

**The Deputy Chair:** Well, not only did they outvote you, but your time is over, I'm sorry to say, and I overruled you. Thank you very much for your questions.

Again back to the opposition. The next member on the list is Dr. Taft.

**Dr. Taft:** Terrific. We'll just carry on. I'm finding it a very useful discussion. I appreciate the minister's involvement and the comments from all members here.

Well, on this theme we've had here about traceability and diversifying markets and food safety and so on, I don't think we've talked very much about BSE and BSE strategy going forward. I might have missed it in one of the exchanges. Again, there's not a specific line in your estimates connected to BSE, but I'm sure that some of this budget is going, I imagine, to support testing. We talked about disposing of risk materials and that kind of thing. What is the strategy supported by this budget for continuing to manage and respond to the BSE issue? We don't need to go on too long on that. If you could just in three or four minutes.

**Mr. Groeneveld:** Well, it's a good question. We had some people who, certainly the first time we went over particularly to Japan, you know, asked them, "If we BSE tested, would you take our beef?" I think one individual said yes, and the rest of them said: "Well, it's probably too late now. You should have done that right when we started testing, and you'd probably be fully into the market now." So they kind of had mixed reviews about that.

You're absolutely right. There is a lot of research going on into prions and whatnot. I think we're getting about that close to a live test. When that happens, I think we'll have to step back and say: is this where we should go? Industry should be part of that decision. I certainly agree with that because when you think it through, if we had a live test, maybe all of this SRM removal would not be necessary. There are a whole bunch of issues that we have to deal with there.

The research is going on. I think that as long as we don't have a live test – well, for one thing, to test would, I think, take six or seven days in the slaughterhouses. We'd have to hold the carcasses for that long, and they don't have that capacity, nor are they willing to put out the dollars to build that capacity.

9:10

**Dr. Taft:** All right. If I'm recalling correctly earlier discussion or looking through these, some prion research is supported through this department. Is that right?

**Mr. Groeneveld:** I think we probably share a lot of that with Advanced Ed.

**Dr. Taft:** All right. Fair enough.

I'm going to just shift gears a bit, then, to the Agriculture

Financial Services Corporation. I'm looking at page 68 of the estimates, which is a statement of revenue and expenses. It's kind of interesting reading in some ways. One of the things I notice is that the net operating result for AFSC is actually pretty good. It wouldn't have been a bad investment. Correct me if I'm reading this incorrectly, but the actuals in '07-08 for the net operating result: \$52 million. By this budget we're forecasting a net operating result – in other words, a surplus of revenues over expenditures – of virtually \$168 million.

In looking at this, there's a very clear trend over these three years of marked increase in net operating results. We go from \$52 million to \$180 million to \$170 million. What's the longer term plan here? When you have something like AFSC turning pretty generous surpluses each year, it's probably not something you want to do forever. What is your plan?

**Mr. Groeneveld:** I'll let Brad scribble his message down here. AFSC, of course, is in the lending business. And kudos to them: in a high-risk market they probably have one of the best collection records. I think it's less than 1 per cent default, which any bank in this world would love to have. I give them credit for that. The other portion of it, though: they have to deal with all the risk programs out there.

Probably the folly in this type of format is when the man sitting right beside me has the perfect answers in his mind, and I'm not a banker in the process, you know. He writes down: a 20-year formula for setting crop insurance rates. Since 2002, since the drought – and I think that's probably true, you know, that mentioning this is almost the kiss of death.

**Dr. Taft:** The jinx.

**Mr. Groeneveld:** Yeah, the jinx.

To try to answer your question, the surpluses go to the reserve fund, relief for production insurance. It's not as if these guys are getting rich or anything. That relates to lower premiums.

**Dr. Taft:** Okay. If I look at this, we have total revenues of \$1,070,000,000, in effect. I'm on page 68. Of those revenues, we'll be generous and say that a quarter comes from premiums. Far more than that comes from direct government transfers, both provincial and federal. So the federal and provincial governments are saying, "Here's over \$300 million from each government," which is a lot more than is paid in premiums. I mean, no normal insurance company works this way.

**Mr. Groeneveld:** The one you're missing in there is that the producer also has money in there.

**Dr. Taft:** Well, I'm assuming that's where the premiums are from. So my point is: in this budget year why are we transferring so much internal government money – that's \$330 million – when we're forecasting a net operating result of \$168 million? We could on paper at least cut \$167 million out of that internal government transfer, and the Agriculture Financial Services Corporation would still break even.

**Mr. Groeneveld:** Okay. We currently have \$860 million in that fund, but it totally depends on the disaster that happens to be out there. That \$860 million can evaporate so quickly. Of course, the premiums are 60 per cent fed-prov, as you said, and 40 per cent for the producers. In AgriStability, the old CAIS program, the producer pays no premium for that program. So we need two times the

premium to cover the bad year. The premiums are – what? – \$500 million.

Now, I mentioned a word here. I know that you're probably not a farmer, but I'm sure you've heard of the CAIS program. We've all heard of the CAIS program, which is now kind of disguised as the AgriStability program. It's the same program made a little more difficult yet. If I could squeeze this in to inform you that these people have come up with a new margin concept program that we've piloted in Alberta this last year not in a dollar sense; we ran it as a parallel program to the AgriStability program. It looks very promising. We've run that past the other provinces and the federal ministry and, pending our July 9 meeting, hope that we can implement this program to replace the dreaded CAIS program, as you might say. Now, I think Alberta operates fairly independently. I think that if federally they turn it down, I'll ask permission to run that program in Alberta alone next year.

**Dr. Taft:** Okay. I just want to focus on page 68. I'm trying to understand this here. This is, in effect, a Crown insurance corporation that the taxpayers of Canada and Alberta support as well as the premiums paid by the insured. We are budgeting here for that corporation to run, in effect, a profit of \$168 million. That profit then gets added – this is the plan – to the net assets so that at the end of this year the net assets of AFSC will be over \$1.1 billion. That's how I'm reading this. That's a growth in net assets in two years from \$762 million to \$1.1 billion. How long are we going to keep this corporation running profits when we could at some point just say, "Okay, you guys, break even; we're going to cut our transfers to you" and put the money into the heritage fund or something? Is your end game to run profits here forever and build these net assets to an unlimited amount?

**Mr. Groeneveld:** Okay. This is probably where you don't understand the agriculture industry. When we get these profits up there, for some damn reason they all come back down; something happens. As he's put here: in essence you're an insurance company, right? We pay in, and we build the surplus for the bad years. I see his little note here says that if we have a drought, we will be in a payout position. We will go down.

9:20

**Dr. Taft:** Right. It's like a private property insurance company dealing with a bad storm or something.

**Mr. Groeneveld:** Yeah. As a matter of fact, these guys don't have time to get there; they have to go for – what's the word? – reinsurance.

**Dr. Taft:** Yeah.

**Mr. Groeneveld:** Because last year with the terrible, terrible storms we had and hail, you know, the assets did go down quite a bit, right?

**Dr. Taft:** Okay. I must be running close to the end of my time.

**The Deputy Chair:** Six minutes.

**Dr. Taft:** Oh, six minutes.

My point is that in terms of the strategy for this budget and with this corporation presumably there is a point at which the net assets are large enough to offset any reasonable risk. I mean, if this plan works out, we're getting up to \$1.1 billion. What is that point? Where do we start saying: okay, you guys have X billions of dollars in your net assets; you don't need to keep padding that.

**Mr. Groeneveld:** I think you move the premiums, right? I guess it's a form – I'm not going to use that word – of subsidy on the premiums.

**Dr. Taft:** Sure it is. There's no question. There's a subsidy here, but I think we're on a trend here where you might be able to get to the point where we could reduce that subsidy. I need some more fiscal hawks.

**Mr. Groeneveld:** You're a bigger gambler than I am, I guess. Let's put it that way.

The other thing is that we've started the cattle price insurance this year. Immediately they're hanging out there, you know, if we have a disaster in that first year or two years. We're extending more coverage or benefits, I guess, to the – well, this now goes to the livestock industry, which we didn't do before, right?

**Dr. Taft:** Okay. Well, I'm not getting what for me would be a satisfactory answer. What I would like to hear you say is: look, you know, at some point if we get to \$2 billion, we're confident that that's enough to offset any reasonable risk, and therefore we can reduce the internal government transfer. That's what I would like to hear. I'm not hearing that, so I'll move on.

**Mr. Groeneveld:** I suspect that if we got there, we could do that.

**Dr. Taft:** Well, you're definitely on the trend. I just don't know where that number is.

Okay. Since we're down to the last couple of minutes, you can get a little more hopscotching about here. Page 59. We do have a line, 4.0.5, bioindustrial technologies, \$2.3 million. Maybe you could either now in a couple of sentences or later through the clerk in writing give us an accounting of where that \$2.3 million is going and how it's going there. Is it just outright grants? Is it matching funds? Is it internal research? Whatever it is, I'd like to know.

**Mr. Groeneveld:** Okay. Bioindustrial technologies . . .

**Dr. Taft:** Perfect. Sounds promising.

**Mr. Groeneveld:** . . . investigates, identifies, adapts processing technologies, means to utilize byproducts, minimize waste in production, processing, and utilization through applied research and development and engineering and scientific consultation; opportunity identification, evaluation, and granting better access to capital for farmers, agribusinesses, and value-added industries; encourages innovation and diversification by facilitating the development of new business models, value-added products, and agricultural services that respond to market opportunities; work with industry, federal and provincial ministries, institutes, and universities to increase demonstration and commercialization capital investment capacity, which I'd hope we would do to the best of our knowledge because I'm fully aware of a lot of the research stuff that we can never commercialize.

**Dr. Taft:** Sure. In that spirit, believe it or not, Edmonton-Riverview has a farm in it. It's called the university farm, the University of Alberta. They don't call it a farm anymore; I still do.

Anyway, there is \$2.3 million in that line, the program you just described. Would some of that, for example, be going to support research at the U of A? Who's getting the money?

**Mr. Groeneveld:** Are you familiar with discovery place over there?

**Dr. Taft:** Yes. That's the poultry one?

**Mr. Groeneveld:** No. The green building.

**Dr. Taft:** Yeah. What do they do inside there? Does anybody here know? That's fine. I should know that.

**Mr. Groeneveld:** It's all bioindustrial research in there. You should tour that someday. It's an interesting place to visit and see what they are doing there.

**Dr. Taft:** Okay. You know what? It has been useful, and I appreciate your time and energy. I think I'll wrap it up with a minute or two to spare.

Thank you, Mr. Minister.

**The Deputy Chair:** Thank you very much.

I'm going to move very quickly to the next person on the list, which is Mr. Webber.

**Mr. Webber:** Thank you, Madam Chair. That would mean, then, that I get an extra two minutes on five and a half minutes?

**The Deputy Chair:** One. You've got six and a half left. Go!

**Mr. Webber:** Six and a half minutes left. That's our meeting time. Okay. How is it, Madam Chair, that I only get six and a half minutes, and the hon. member over here gets an hour and some minutes. It just doesn't seem fair, does it?

**The Deputy Chair:** Do you want to spend your time discussing this?

**Mr. Webber:** Oh, good point. Maybe I should get to my questions here. All right. We'll talk about it later. Thank you. I don't know who makes the rules.

Anyway, it's an honour and a pleasure to be here and to speak with the hon. minister. You have to bear with me, Mr. Groeneveld. I'm very much an urbanite, and I don't have a lot of experience with the agricultural industry, but I certainly have been enlightened tonight, definitely, with the conversation that went around.

Madam Chair, I would like to just ask my questions and then perhaps have the minister give through the clerk the answers to my questions because in now three minutes, two minutes . . .

**The Deputy Chair:** Five and a half.

**Mr. Webber:** In five and a half minutes I don't know if I can get all the answers that I'm looking for.

Hon. Minister, I will start with, I guess, page 59 of the estimates. Now, Dr. Taft and Ms Notley alluded to farm safety, Dr. Taft a number of times. I know that Dr. Taft has quite a background with respect to asking questions about farm safety in question period. It seems like every other week you ask a question on that, the same question, as a matter of fact, I think.

**Dr. Taft:** It's a life-and-death issue.

**Mr. Webber:** It's a life-and-death issue. So I guess I would like to get some more detail about how your ministry supports the farm safety programming. I can't find in any line item in the estimates where this funding is provided, but maybe you can point that out to me. I know that Ms Notley had mentioned 4-H and the ag societies, also a safety smarts program for grade 6 as perhaps some of the

programs that you run through this farm safety programming. Can you identify to me where the programming is, where the line item is on this issue and, basically, how the farm safety programming is targeted at youth specifically? There was a question on temporary foreign workers: is there any targeting with respect to them as well? Maybe you can give us some answers with respect to that.

I also would like to take a look at line item 5.0.5 in the estimates, where a total of \$370 million was forecast for 2008-09 on the farm recovery plan. Can you provide us with some clarification on the additional \$70 million of this original \$300 million plan? Some bird had told me – I'm hearing some beeping here, so I'm starting to panic.

9:30

**The Deputy Chair:** Keep going.

**Mr. Webber:** I'm losing my train of thought. Does that mean I get an extra minute? No?

Anyway, I would like to get some information on the additional \$70 million of that original \$300 million plan. Also, on that same line there is no estimate provided, as you can see. Does that mean that no further funding will be provided under this farm recovery plan? Has the entirety of the 2008-09 funding been paid out?

Also on that same page, line 4.0.12, there's no estimate provided under 2009-10 for infrastructure assistance for municipal waste water. No amount was forecast under that as well, both that and 4.0.13, industry science and innovation. I'd like to know why. Has any funding been reallocated, and for what purpose?

You alluded briefly to the country of origin labelling in the U.S. What has it been – about six months now? – since that has been put into place? I'm not even sure. If I were to go down to the States right now and go to a Safeway store to pick up some steak, will the labelling be on these packages of meat? Where are we with respect to that? Have we seen any changes in consumer purchasing down in the States? Has this increased the sale of Canadian products, or has it deterred Americans from buying our beef? I'm curious to know about that.

I'm thinking here that I have maybe 10 seconds.

**The Deputy Chair:** You have a minute and a half.

**Mr. Webber:** Oh. I've got a minute and a half. Maybe the minister can quickly go through, especially my last question on the country of origin labelling. Maybe you can start with that one.

**Mr. Groeneveld:** Well, thank you, hon. member. Some interesting questions there. I'm more used to the Member for Edmonton-Riverview jamming in questions quickly at the end that we have to respond to, but we will accommodate you as well.

You're absolutely right. MCOOL was official on March 16 of this year. Of course, we've argued that point for quite some time, ever since I've been a minister, and we started that when I went to the trilateral with Mexico and the U.S. and ourselves. It's interesting that in those scenarios it's always Mexico and Canada lining up against the U.S., so we have an ally there, at least. Yes, you would find labelling on the product down there right now. It has met with great resistance from the people down there as well. It's costing them money because immediately when that regulatory burden jumped in, they stopped purchasing Canadian cattle.

**The Deputy Chair:** Thank you very much, Mr. Minister.

**Mr. Groeneveld:** That's the end?

**The Deputy Chair:** It is. I apologize for the interruption, but we have reached the time that is allotted for this particular item of business.

My thanks to everyone who attended this evening. A reminder to the committee members that we're meeting again tomorrow evening, May 5, for the estimates of the Department of Environment.

A reminder to the minister and his staff that responses are supposed to be received before the vote, which is scheduled to take place on May 7, so a fast turnaround for you.

**Dr. Taft:** Just on that, Madam Chairman, am I clear that all the responses would go through the clerk?

**The Deputy Chair:** Yes. That's correct.

**Dr. Taft:** Okay. Thanks.

**The Deputy Chair:** Thank you very much, everyone. We will see the committee members tomorrow night.

Pursuant to Standing Order 59.01(2)(a) the meeting is adjourned.

[The committee adjourned at 9:34 p.m.]



