



Legislative Assembly of Alberta

The 27th Legislature  
Third Session

Standing Committee  
on  
Resources and Environment

Department of Agriculture and Rural Development  
Consideration of Main Estimates

Monday, March 15, 2010  
6:30 p.m.

Transcript No. 27-3-4

**Legislative Assembly of Alberta**  
**The 27th Legislature**  
**Third Session**

**Standing Committee on Resources and Environment**

Prins, Ray, Lacombe-Ponoka (PC), Chair  
Blakeman, Laurie, Edmonton-Centre (AL), Deputy Chair  
Anderson, Rob, Airdrie-Chestermere (WA)  
Berger, Evan, Livingstone-Macleod (PC)  
Boutilier, Guy C., Fort McMurray-Wood Buffalo (Ind)  
Dallas, Cal, Red Deer-South (PC)  
Doerksen, Arno, Strathmore-Brooks (PC)\*  
Hehr, Kent, Calgary-Buffalo (AL)  
Jacobs, Bryce, Cardston-Taber-Warner (PC)  
Mason, Brian, Edmonton-Highlands-Norwood (ND)  
McQueen, Diana, Drayton Valley-Calmar (PC)  
Mitzel, Len, Cypress-Medicine Hat (PC)  
Pastoor, Bridget Brennan, Lethbridge-East (AL)\*\*  
VanderBurg, George, Whitecourt-Ste. Anne (PC)

\* substitution for Evan Berger

\*\* substitution for Kent Hehr

**Also in Attendance**

Notley, Rachel, Edmonton-Strathcona (ND)

**Department of Agriculture and Rural Development Participant**

Hon. Jack Hayden Minister

**Support Staff**

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

6:30 p.m.

Monday, March 15, 2010

[Mr. Prins in the chair]

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

**The Chair:** Well, good evening, everyone. I'd like to call the meeting to order tonight. The Standing Committee on Resources and Environment is meeting to consider the estimates of the Department of Agriculture and Rural Development for the fiscal year ending March 31, 2011.

To start off, what I'd like to do is have everyone introduce themselves. Minister Hayden, you can introduce your staff when it comes around. My name is Ray Prins, MLA for Lacombe-Ponoka.

**Ms Blakeman:** Good evening, everyone. My name is Laurie Blakeman, and I'd like to welcome each and every one of you to my fabulous, sunshiny constituency of Edmonton-Centre.

**Mr. Dallas:** Good evening. Cal Dallas, Red Deer-South.

**Mr. Jacobs:** Bryce Jacobs, Cardston-Taber-Warner.

**Mr. Hayden:** Jack Hayden, Drumheller-Stettler. With me tonight at the table is John Knapp, my deputy minister; Brad Klak, president and managing director of AFSC; Jim Carter, my senior financial officer. In the back row we have Gordon Cove, CEO and president, Alberta Livestock and Meat Agency; Jason Krips, ADM, industry development and food safety; Colin Jeffares, ADM, policy and environment; Jamie Curran, executive director, business services and rural utilities; Krish Krishnaswamy, vice-president, finance, AFSC; Merle Jacobson, vice-president, business risk management, AFSC; and Cathy Housdorff, director of communications.

**The Chair:** Thank you. We'll go around this side, please.

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

**Ms Pastoor:** Bridget Pastoor, Lethbridge-East.

**The Chair:** And you're substituting for . . .

**Ms Pastoor:** No, this is mine.

**The Chair:** Okay, but it says that you're attending the meeting as an official substitute for Mr. Hehr.

**Ms Pastoor:** Okay.

**The Chair:** Go ahead, please.

**Ms Rempel:** Jody Rempel, committee clerk.

**Mr. Doerksen:** Arno Doerksen, MLA for Strathmore-Brooks, and I'm attending on behalf of or in place of Evan Berger, MLA for Livingstone-Macleod.

**The Chair:** Thank you.

**Mr. Mitzel:** Len Mitzel, Cypress-Medicine Hat.

**Mr. VanderBurg:** George VanderBurg, Whitecourt-Ste. Anne.

**The Chair:** Thank you, everyone. What I'll do is that I'll just go over the process briefly. What that is is that Standing Order 59.01(4) prescribes the sequence as follows: first of all, the minister will make opening comments not to exceed 10 minutes; next, for the hour that follows, members of the Official Opposition and the minister may speak; for the next 20 minutes members of the third party may speak; and after that any member may speak.

After the first hour we'll take a five-minute break. The debate will conclude after 9:30 or, if there are no more questions, before that.

What I'll do is ask the minister to start with his remarks not to exceed 10 minutes. Go ahead, please.

**Ms Notley:** Excuse me. Sorry, Mr. Chair. You forgot to mention the fourth party. You typically do that at the beginning of this.

**The Chair:** Okay. After the other parties speak, then the fourth party may speak.

Go ahead, please.

**Mr. Hayden:** Well, good evening, Mr. Chairman, members of the committee. Tonight I would like to highlight how the 2010-2011 budget for the Ministry of Agriculture and Rural Development furthers our commitment to the agriculture and food industry as well, of course, as our dedication to rural development and to connecting with rural Albertans. Our ministry staff are devoted to meeting that commitment, and their work builds vital relationships throughout the agriculture sector.

We're seeking approval of the ministry's budget for \$1.1 billion, which is roughly the same as the 2009-2010 budget. Within this budget we include, of course, a request for department voted spending of \$646 million. I'm pleased to advise that we were able to preserve core program funding for 2010 and 2011 for our producers. As these programs are vital in helping Alberta's agriculture industry remain competitive, both of course domestically and globally, it's what we shoot for.

I'd like to speak for just a second about farm safety. Mr. Chairman, I want to begin with an issue that's important to all of us, and that's the health and safety of Alberta's farm workers. We need to be keeping Alberta farm workers safe, and this is a priority of this government and of this ministry. We're working on new ways to engage the industry, labour organizations, and our rural partners to reduce those farm injuries. It's important that we do this without increasing regulatory or cost burden to our producers, who are under a great deal of pressure in this global market. Our efforts will increase local delivery of farm safety knowledge through rural partners, and we're going to be bringing grassroots knowledge of best practices.

Earlier today, Mr. Chairman, I announced the additional funding of \$715,000 that will be going out to our 286 ag societies around the province to provide farm safety education to their communities. Of course, the funding is conditional on the societies using that funding for farm safety education. Last summer we consulted with industry and stakeholders jointly with our colleagues at Employment and Immigration, and we are now looking at developing the options that will be based on those recommendations. However, the best way to promote farm safety remains training and education. The department this year will spend about \$1.3 million to support the network of organizations, including ag societies, as I've mentioned, and ag service boards, 4-Hs, and our industry partners.

Agriculture remains a significant contributor to the economic well-being of our province. I think it's important to point out that agriculture is our largest renewable industry in the province and, of course, the second-largest industry in the province. But I have to say

that the last few years have proven extremely challenging for the agriculture sector. We've experienced extremely dry conditions, high input costs, H1N1, the economic correction that's taken place globally, and, of course, the fluctuating Canadian dollar. These are a few of the examples of the changing environments that farmers are working in. They're working harder to stay competitive, and it's important that we work hard with them.

As I said earlier, ongoing agriculture programs are maintained through the ministry's program budget of \$1.1 billion. Highlights in this budget include funding that's going to help develop an industry that's competitive, innovative, and proactive in risk management. Through cross-government collaboration ARD will continue to advance rural policy and support strategic rural initiatives as guided by Alberta's rural development strategy.

We're going to continue to work with and support the hundred million dollar investment in Rural Alberta's Development Fund, an independent, not-for-profit company that provides funding for innovative community-focused benefits to rural Albertans. As of March 31, 2009, RADF has approved funding of more than \$68 million going to 60 projects in rural Alberta. The remaining funding is expected to be extended and the RADF grant program modified in 2010 to refocus on programs and services that build community capacity.

Our ministry will also help rural communities build capacity and transition through the \$15 million rural community adaptation grant program and the \$9 million rural connections, a community broadband infrastructure pilot project. Funding was made available for these two initiatives from the federal development trust, and it expires March 31, 2011. We're going to continue to support research in rural projects that respond to critical rural challenges and opportunities, and we're going to do this in partnership with the key stakeholders that are out there. Some of our key initiatives include the federal-provincial Growing Forward suite of programs, that will provide \$40 million across industry, as well as \$9 million allocated to the federal cost-shared AgriFlex program.

The Alberta Livestock and Meat Agency became fully operational in 2009, and \$50 million in 2010-2011 will ensure continued support to help achieve a sustainable and competitive livestock industry. An example of the livestock feeding initiative is an \$8 million investment to help develop improved feed for livestock and is a major step forward for the Alberta livestock and meat strategy. Feed accounts for the largest portion of cost for every commodity, including cattle, hogs, poultry, dairy, lamb, and diversified livestock. This initiative is going to help improve the bottom line for Alberta livestock producers in the long run. A competitive and profitable livestock sector requires access to feed grain supplies from a competitive and profitable feed grain sector.

#### 6:40

The Agriculture Financial Services Corporation provides a variety of programs, including income stabilization, lending assistance, and production insurance. These help to protect the Alberta producers from the volatile impacts that are beyond their control; for example, of course, inclement weather and the economic uncertainty. The new cattle price insurance program is an example of a made-in-Alberta risk management tool to help protect against declines in the Alberta-fed cattle prices. Administered by AFSC, CPIP provides protection against drops in the beef prices over a defined period of time. Premiums, of course, would vary in accordance with policy length and the coverage that's desired.

Beginning with this crop year AFSC will automate the delivery of straight hail insurance, now providing producers with a 24/7 delivery option from the convenience of their computer, while producers are still going to be able to purchase hail insurance from an agent or by

visiting one of the 52 field offices across Alberta. Given that crop information will now be used for both crop and hail insurance purposes, premiums will be lower as we streamline the administrative process.

We'll no longer be offering revenue insurance coverage to producers, a coverage that's been available only in Alberta and provides an artificial price support that is offside with the World Trade Organization. Of course, we have there the potential for a countervail action that would potentially devastate our crop industry.

In conclusion, Mr. Chair, it's vital that Alberta's agriculture industry remains competitive both domestically and globally. Overall, there have only been minor changes to the funding commitments of this ministry. We know that not all challenges can be answered by more dollars, and we're continuing to focus our financial and human resources where they can be the most effective. Strategic thinking, strategic programs, and strategic funding will help to ensure that Alberta's agriculture industry and rural communities continue to thrive and prosper today and into the future.

Thank you, Mr. Chairman.

**The Chair:** Thank you very much, Minister Hayden. What we'll do now is that we'll go to the questions from the Official Opposition. I'm going to ask if you'll just alternate questions and answers so that you'll have short answers and short questions. You have three 20-minute sections for a total of an hour to do this.

Go ahead, please.

**Ms Pastoor:** Thank you, Mr. Chair. Interestingly, on my way over I was speaking with another member of the Legislature, and he pointed out that I was a city girl talking about agriculture. One of the things that I have learned since I have taken this portfolio, that I'm thoroughly enjoying, is that I don't believe – and this is me – our small producers are really collecting the fair dollars that they need at the farm gate. That's one of the things. I've gone through some of the hog problems, the grain being used for feed, and our grain producers, not the big guys, the small guys. That's kind of where, I think, some of my questions will be coming from.

I'm going to start with the environmental stewardship, that is on page 58 of the estimates. It's line 2.0.8. It has a combined budget of \$57.8 million, but it was increased 27 per cent from the 2009-10 forecast. What specific programs is this being used for? Are there new environmental stewardship initiatives planned for '10-11, or is this to support the existing initiatives and top them up?

**Mr. Hayden:** The programs that are covered under that line item: agricultural practices act and confined feeding extension, land use, air quality and nutrient management, Growing Forward environmental programs, and the AESA farm-based grant program. Also under there we have the ag meteorology and soil moisture, and this is trying to improve the weather information that we have for the different areas. Geographical information systems: this manages the GIS, develops and produces GIS maps to help people with decision-making. Research and innovation are under here: climate change, energy efficiencies, alternative energy. We work with partners to develop scientifically based carbon offset protocols. There are a number of things.

Under the environmental stewardship there are a number of things that are happening that are different from the past. We do have carbon sequestration values in our agricultural lands, as I'm sure you're aware. We work with the industry. There are already some payments available to ag producers, but we have to look at all of the different ways that we can improve environmentally, and direct seeding is an example. There are a number of examples.

**Ms Pastoor:** Thank you for that, but part of my question was: are any of those programs that you've mentioned new, or are these dollars to top up the existing programs? I probably should know that, but I don't.

**Mr. Hayden:** Yeah. Under our Growing Forward and the AgriFlex federal funding initiatives there are some new programs that are available.

**Ms Pastoor:** And they are?

**Mr. Hayden:** Just some examples: winter grazing and feed management – that's the swath grazing initiative; that's one area that we're working on – integrated crop management, and manure management. Those are three new programs that are in.

**Ms Pastoor:** Under that manure management are any of these being used for biodiesels?

**Mr. Hayden:** Yes, actually, they are, and for methane to create electricity.

**Ms Pastoor:** Okay. Thank you.

One of the things that is pretty near and dear to my heart is the fact that other provinces have legislation protecting agricultural farmland, which Alberta doesn't have. How is the ministry working with the departments of Environment and Sustainable Resource Development to assist in the implementation of the land-use framework? What specifically are you doing to slow the loss of agricultural land to development and urbanization, commonly known as urban sprawl? How much funding is the ministry providing for the implementation of the land-use framework? At least from my point of view, if you read the land-use framework, I really don't see something strong enough to protect our agricultural land. One of the reasons I'm saying that is because I'm aware of some excellent agricultural land that has now been cemented over.

**Mr. Hayden:** To the hon. member: it's difficult for that to not happen. The reason for that, of course, is that when people first settled in this province, as in every other area that they settle, they settled on the best possible land that's available. When we take a look back in our history, when this province was new, and we take a look at our major cities, the one that we're sitting in today and the city of Calgary, as an example, are surrounded by some of the very best land that we have in the entire province, so it was no mistake that people settled here. That's been difficult, but in our land-use policy and our land-use framework we're working closely with municipalities.

I think that, especially in speaking to the hon. member, you understand that the municipalities are the land-use authority, but we do very strongly promote the maintenance of agriculture lands. As a government we very much support maintaining those agriculture lands as much as possible.

**Ms Pastoor:** Thank you. I really think that that's one of the important things that we can do. Yes, of course, when people moved here, they were by the river, they had the best land, and all those sorts of things, but because they did that a hundred years ago, I don't think that we should still be going forward with that little thought process. I think we have to change our thought process for the 21st century.

The next item that I have would be food safety. I think you'll notice, if you know me very well, that these are sort of going in my own personal priorities. The connection to the business plan is

strategic priority 2, and it's on page 30. It's about high-quality food products and practices and farmed animal health status and welfare standards. Priority 2 is food safety, plant health, and animal health and welfare. Goal 3 is farmed animal health and welfare, plant health, safe food products, and legislative compliance.

**6:50**

I think that one of the important things that I notice as I've been sitting in the Legislature is that I think there's probably some very good legislation, very good regulations, no matter how they've been formed, but I'm not sure that there's any strong compliance. It's sort of what the Member for Lesser Slave Lake was talking about, the pie police. I'm talking about: we don't have enough police in the form of, I think, inspectors or, in fact, evaluations of some of the things that we bring forward. Legislative compliance is a big thing for me.

Connection to the estimates: \$121.7 million to industry development and food safety. How are you working with industry to achieve this priority? How are you working with other provincial governments and the federal government to ensure that the food safety and traceability systems implemented in Alberta meet the same standards so that we have a cohesive approach across the country, which I think would give us, maybe, that little hammer that we need as we go forward to stand up against some of the things, COOL being one, and that has any number of facets to it that are good and bad. Are you working toward a concrete set of national standards and guidelines that would be implemented in every province and territory, or are you working toward a minimum standard that the various provincial regulations must meet?

I think that part of this question is that with COOL everyone wants to know where our food comes from. I particularly want to know where my food is coming from. I think we have to look at labels that are saying that it comes from the U.S., or it actually could come from Canada, but we really don't know where the actual product comes from just because it's labelled and packaged in Canada. To me that's a big thing. Could you perhaps address that?

Thank you.

**Mr. Hayden:** Sure. Thank you. There were several questions in there, so I'll try to catch them all. I want to start with food safety. We have very high food safety standards in our province. When we talk about the livestock, the meat safety, we have 50 full-time inspectors in the province that inspect the different facilities. Part of the funding that you see in this budget goes towards improving the technologies, the processes used in order to safeguard the food.

Before I spend too much time on that, hon. member, I think it's important to note that we have immediate access to the United States market because of the high safety standards of what we produce here. We have that same access to a number of markets globally. I think it's interesting to point out that the very first country in the world to be allowed back into China's market with hogs is Canada. That was just announced a week ago.

Our food safety is good. I would say – and this leads to one of the other issues that you brought up – that if we have a problem, it's a problem within our own country and being able to trade freely between provinces. It's an area that we as a government are working on with the federal government and with other provinces. We have huge domestic markets that are importing foods that have to meet a lesser standard than what, in fact, we have here in Alberta, so we've got some work to do at home. We want to increase those markets.

You found a kindred spirit when you talk about the MCOOL, mandatory country of origin labelling. It's voluntary in our country right now. As you are aware, we have challenged the country of origin labelling with the World Trade Organization, and the

committee is being put together as we speak that will be hearing it. Mexico has challenged also. We need that to play out, but I would suggest to you that if for some reason we were not successful in that challenge, I would be recommending, nationally and to my other province and territory neighbours, that we, in fact, go to the mandatory country of origin labelling in order to level the playing field. That's not a position of government at this point, and I'll probably get kicked by the folks behind me, but my belief is that Canadians will like to know where it's coming from. I know the quality of what we produce in this province, and it's superior to just about anything you can buy in the world. Canadians need to know that, too.

**Ms Pastoor:** Thank you for that. I certainly agree with that statement that we have high standards. I'm going to go off on a tangent here. It isn't just in the food safety. We do have other industries in this province where our standards are very high, yet we can't compete with people who are bringing into our province stuff of lesser standards. I think it's a huge, big thing, and certainly, as you've mentioned in food, it is a big problem.

Now, on this WTO I know that they move probably slower than any snail you and I have ever seen. Is there any kind of a time frame for them to actually have this committee up and running, and would there be a time frame when they actually have to report?

**Mr. Hayden:** This is not expected to be a long time on this particular issue. The committee is being put together now, but it's not expected to be a long, drawn-out process because it's a fairly simple issue: does it or does it not conform with World Trade regulations and expected outcomes? Our expectation is that it should be settled reasonably quickly.

**Ms Pastoor:** And that would be?

**Mr. Hayden:** Well, having said that, of course, we've seen sometimes how difficult it is to jump through the hoops in the world that we live in, but our expectations are that within the 12-month period we're going to have a ruling on it.

**Ms Pastoor:** Thank you.

**Mr. Hayden:** Now, Mr. Chair, I don't think that it's right for us to wait that full 12 months, though, without taking action of some sort on our own. That action that we have already started is to deal with our neighbours in Canada to get better access to our own domestic markets. I've heard the hon. member even mention things like 100-mile or the 100-kilometre challenge and things like that. I think the consumer needs to know where their food is coming from. As I say, we take a back seat to no one in the world with respect to the quality and safety of our food and the nutritional value, the whole thing all the way down the line.

**Ms Pastoor:** Thank you. I certainly agree with that.

This is back to my little thing about legislative compliance, and it's called surveillance. On line 4.0.7 on page 59 of the estimates there's surveillance support. Actually, there was a decrease from \$9.6 million to \$8.1 million. That doesn't really fit in with my idea of compliance. Are you increasing surveillance in existing programs, or are you introducing new ones? If so, what are they? Will increased surveillance be focused on specific priority areas, and what would they be? How are the priority areas decided? Would it be farms, industry specific, slaughterhouses? Just what would that pertain to?

**Mr. Hayden:** Actually, to the hon. member, this is really a good-news story. To see that number change to a downward direction means that there are less of the animals that are being tested. It's a fluctuation in the number of livestock that are being tested. As you will recall, when the BSE first hit, we as a government took a very proactive approach on the testing of down animals. We are now out a number of years from when that first took place. The controlled BSE risk status is what I'm referring to. The fact that there are fewer to be tested is really, really good news. As I say, we're out now. We're getting enough years beyond where we've introduced feed bans and those different situations. That's the direction we'd hoped it would head in.

7:00

**Ms Pastoor:** So this is strictly for beef? This whole thing is strictly for beef animals?

**Mr. Hayden:** Yes.

**Ms Pastoor:** Okay. Thank you.

I think irrigation and water-specific questions are pretty much down my alley in southern Alberta. Even with looking at the mountains today, I'm not sure that we're going to have enough water in southern Alberta. On line 2.0.7, page 58 of the estimates, irrigation and farm water increased 37 per cent from the 2009-10 forecast. Is that 37 per cent increase a significant increase? What is it being used for? Are these increases due to assistance programs to improve environmental sustainability, and what would those programs look like?

We are increasing our diversity of crops in southern Alberta. People often refer to southern Alberta as Calgary, but let me assure you that quite south of Calgary there's a large tract of land where we depend on water. I think moving along with the idea of what we've always talked about in this province, diversifying, yes, we are diversifying crops. It is a diversification, and some of them will be depending on the extra water. Sorry. It wasn't really a question. I guess I'm looking for comments.

**Mr. Hayden:** And I can give you comments. The actual variance in the funding reflects investments of federal funding, the AgriFlex federal funding initiatives. Yes, there are a number of things that are happening, and I'm sure you see them down in your area. We are irrigating in a different way. With the equipment that's being used, we're trying to get a better bang for the buck out of the water that's being used. Also, of course, over the last couple of years, especially notably last year with the drought situation, something like 70 per cent of our farmland in this province fell under what municipalities classified as a drought disaster.

We have a number of programs where we're working with the agricultural community. In some cases it could be things as simple but quite expensive as water-pumping equipment that's provided by our ministry with up to a mile of large pipe to move water over to stabilize dugouts and those types of things. Of course, we're talking dugouts and aquifer management, better environmental practices for aquifer management.

**Ms Pastoor:** I'm pleased to hear that you're doing work on the aquifers because I believe that some of our aquifers have probably already been affected by coal-bed methane when they fracked through the rock formation and there were freshwater aquifers down there. So that, I think, requires some diligence in looking at that kind of water.

Line 2.0.9, page 58 of the estimates again. The irrigation infrastructure assistance decreased 17 per cent. Why would it have

decreased, and what were the initiatives that were being wound down or cut? I think you sort of alluded to some of it, but if you could go further into that, I'd appreciate that.

**Mr. Hayden:** The fluctuation there – and if you actually went back to 2008-2009, there was additional one-time funding in the infrastructure. As I'm sure you're aware, there's a great deal of infrastructure in irrigation: an awful lot of it cement, some of it not cement. You probably would have a better idea than many people in the province of the age of some of that infrastructure.

**Ms Pastoor:** What did that mean?

**Mr. Hayden:** It means that you are from Lethbridge and that you love to get out for drives.

Because of the aging infrastructure we did one-time funding in the last budget year. As you see, we still in our estimates have increased the funding over the traditional amount that was there, and that's in recognition of the need that's out there.

**Ms Pastoor:** So that would be partly what you were talking about: water pumps and trying to do irrigation in a different way; in fact, keeping that water closer to the ground rather than flying in the air.

**Mr. Hayden:** There's some of that, but it's more the actual financing, the costs of the infrastructure improvements that are taking place. As a province we work with the irrigation districts on a 75-25 basis. It's 75 per cent provincial funding, 25 per cent irrigation district funding. So that's where the majority of that money goes.

**Ms Pastoor:** Thank you. This is not in my notes, but our conversation has twiggled a question. Are we still working closely with the United States in terms of storage of water and protecting our irrigation canals and, certainly, the water in the Milk River area? If I'm understanding it correctly, it is an international treaty agreement. I can recall years ago when the international committee came through. I think it was chaired by – oh what was that fellow's name? Anyway. A senior moment. Sorry. The point of it was that the American fellows on the other side were saying how lucky we were that we had good irrigation, cement, because they still had wooden irrigation canals, that actually leaked out probably more water than they could use. Is that still an ongoing process? Where does it stand?

**Mr. Hayden:** It was a joint commission and an international agreement that actually dates back to 1909. I believe that there was some fine-tuning or something around 1922, but the agreement is still in place. Yes, we continue to speak with the United States, of course, water being a larger and larger issue every year. You're also correct that our infrastructure for our irrigation systems is probably the envy of not just the United States but an awful lot of places in the world.

**Ms Pastoor:** Is the United States still asking for dollars from us to help them? I think the thought process was that in the end we'd both benefit because we'd be saving water, particularly in the storage sites.

**Mr. Hayden:** Yeah. We continue to negotiate and work with the United States. As I'm sure you're aware, infrastructure on the American side allows the agreement to work in moving the water through Canada so that we get our share. Yes, absolutely, they've got infrastructure challenges, but as you can see by the line item that we talked about just before that, we have challenges also to make

sure that ours stays the envy of other people. The negotiations always go on. It never stops. It probably hasn't stopped since 1909, and I doubt that it will stop soon.

**Ms Pastoor:** Thank you. I'll probably agree with that statement as well. It actually is a very interesting treaty, or what you want to call it. As you've watched it through the years, it's really quite an interesting read to see what has happened. On the whole, the co-operation between this side and that side is very strong, and I think, you know, it's an indication that we can work well together and that the border probably is just a line sometimes in our imagination despite the fact that it's very difficult to get across it at any customs office.

Another benefit program that I think has been under quite a bit of discussion is the farm fuel benefit program. The Auditor General's report way back in '05-06 on page 37 had recommended that the department

- improve its administration of the Alberta Farm Fuel Benefit program by:
  - verifying information on completed program application forms, and
  - requiring applicants to regularly renew their registration in the program.

It's interesting that this program offers fuel to farmers at prices competitive with those paid by farmers in other parts of North America. I'm not sure that we necessarily have to worry about the rest of North America. I think we have to worry about what's happening in our province and how many people have access to this benefit.

The combined distribution allowance and the tax exemption is approximately \$106 million. That's a fair chunk of dollars. According to the Auditor General – I'll reiterate that it is the '05-06 report – there were 60,000 individuals registered in the program, yet Stats Canada said that there were only 49,431 farms, so just a little bit of a discrepancy there, and there were 9,791 making less than \$10,000 a year, therefore making them ineligible for the program. So the numbers there just don't seem to jibe.

7:10

Since '05-06 what is the ministry doing in verifying the applicants going through the renewal process? How many are currently still registered in the program? To this point in the review how many applicants have been not renewed or deemed ineligible? What specific changes have been made within the ministry to ensure a continued renewal process as opposed to the previous process of waiving the renewal requirements over a period of 10 years? I realize that there are a lot of questions in there, but I think that they would probably all be included in your answer in terms of exactly what has happened with this program since '05-06.

**Mr. Hayden:** I think that the Auditor would be proud. In fact, we've had cancellation of about 7,500 files.

**Ms Pastoor:** Was that voluntary?

**Mr. Hayden:** Yes. As of this year we have just over 13,000 applications that we've received, and we've got around 6,000 that are still outstanding. I think, though, that it's important to point out that we want to make sure that producers are not confused. Agriculture, of course, is one of the industries that's greatly affected by the economic correction that has taken place globally. What they produce in order to meet the threshold of their income on the farm can also be things that they hold in stock, in their grain bins as an example, not necessarily what they've sold.

So there is flexibility within our regulations to allow for people to

make their own business decisions based on market conditions if they want to hold over for what they believe will be better pricing or if they want to add value themselves. I'll use as an example the livestock industry. If they want to background and if they want to take those animals right to market weight, as an example, they could be almost into the second calendar year before they sold anything. Those still qualify. If they have the inventory and still do the production, they still qualify.

But the numbers are greatly reduced, so we're down to where we're talking about actual agricultural producers.

**Ms Pastoor:** Thank you.

Farm income supports, line 5.0.1 in the estimates, page 59, shows that the lending assistance will be increased from \$7.2 million in '09-10 to \$10.4 million in '10-11. It's a significant increase. Can the minister explain what accounts for this increase? Where will all of these funds be going, to what programs? What provisions would be tied to this assistance? Was this assistance to be dedicated to specific annual income ranges? In other words, will a portion be guaranteed to go to smaller producers and not have it all go to the large corporate farms?

If you could look at that line, please, there is a number that confuses me. The '08-09 actual was \$1,217,000, and then the '10-11 is \$10,403,000. Then '09-10 was \$7 million. I'm not sure. I don't understand that smaller number unless it was transferred from another department or something.

**Mr. Hayden:** Well, that number, of course, is based on actual amounts that were borrowed. What is indicated by that line item and the reason for its size is that that was the amount of money requested by producers of all sizes, I might add, the majority of them, actually, under the threshold that you would classify as smaller operators. The largest operations in all of our programs, whether they be insurance or whether they be lending, it's a very small number at the top on those large ones that you refer to. We're talking about the majority going to more of what you would call traditional farm operations.

Although it isn't a question that you asked, I think that you would be interested. We have one of the most amazing track records in lending, far better than any of the normal bank systems as far as repayment goes. Through AFSC there's a very stringent application process that ensures that we don't put people in trouble, that we don't loan money to people unless they have the ability to have that money help improve their operation and qualify to be able to pay it back. One point six per cent in arrears: the industry would love to have that. The banking industry and all of these financial industries would love to have that.

**Ms Pastoor:** I'm sorry. Just back to that low number again. So there weren't that many people in '08-09 that actually needed those loans, and as the global recession and all of the other things have hit our agricultural producers, then, this is it? Okay. Got it.

**Mr. Hayden:** It can be, Mr. Chairman, a number of things. It can be for diversification and for value-added. In many cases that's what it is now, trying to access new markets and improve their bottom line. They're moving into new areas.

**Ms Pastoor:** I had a conversation with a constituent, a farmer, the other day. He had, I thought, an interesting point, and he used the example of llamas. The small producer feeds the llama, keeps the llama going, and then provides the wool to the person that actually makes the sweater out of the wool. Their return, even if it's value-added, is probably 10 times what the llama farmer had produced

because they're selling sweaters at the farmers' markets. I thought that was an interesting thought process.

The other question that he had. We were talking about the \$350 million that the farmers' markets bring in. Do you know if any of that has been broken down in terms of what are actual food sales and what would be the add-on food sales; you know, sweaters and clothing and soap and all of those other things that are on the crafty side of things? Some of them do use agricultural products for that value-added. Do we have that breakdown?

**Mr. Hayden:** I don't have that breakdown with me, but I can certainly take a look. I know that the food side is an area that's been growing tremendously. An indication on the agricultural products side is a 35 per cent increase in the sale of agricultural goods at farmers' markets over the last two years, which absolutely does not mirror what's happened in the industry. It goes back to our conversation earlier about people buying local, wanting the quality, wanting to know where it's from. There are some amazing things that are out there. But the overwhelming majority of what is sold at farmers' markets is food products, so the other part is smaller.

I think that I'd like to just make a comment on your observation. First of all, it's probably easier to feed a llama than it is to knit a mitten.

**Ms Pastoor:** It depends on your skill level.

**Mr. Hayden:** Well, let me put it this way. I could make a llama well fed. I could make a mitten fit no one. So there's a bit of that.

Agriculturally we have a situation where our ag producers always have been price takers, not price setters. That's the biggest challenge to the agricultural industry that there is, and it's a challenge that's everywhere. It's difficult.

You talk about the differences in what a person receives. You know, it's shocking how little the wheat in a loaf of bread constitutes towards the price of that actual loaf of bread. As things go up the value chain, people make a profit up the value chain. When you take a look at it, it takes you a full year to produce that grain that goes into that loaf of bread. It takes you a year plus to produce that steak that goes on the table. The person that spends the most time in the process is the primary agricultural producer. Everybody else spends a shorter time in it, so it's quite a challenge.

**Ms Pastoor:** Yeah. I totally agree. I think the farm gate is something that we have to keep looking at for the people that work hard.

Another of my little mantras is: save our agricultural communities; save our rural culture. If the majority of our farmers have to work off their farms to be able to maintain that farm, I really think there's something wrong, and I'm not sure how to solve that. I think that not only would Alberta, period, be better off, but so would our country if we can maintain our small agricultural producers.

7:20

Growing Forward is a national policy framework and cost-sharing arrangement with the federal government. The total cost of the program is \$273 million for the next five-year span. It was launched in April of '09, so we're almost up to the first year's use. An Alberta Agriculture and Rural Development spokesman noted that \$109 million of this would be provincial funding. The framework differs from the previous federal-provincial system in that the programs are actually delivered by the Alberta government, and it's meant a system with a more streamlined application process, a one-window access point system if you will, with fewer programs and a more targeted approach.

How many applicants have you had to the various Growing Forward programs thus far? How much of the total initial commit-



ment would be distributed in 2010-11? Where is this included in the budget? Which line items? Are you on schedule with the introduction of the programs? The initial commitment to do it over five years: was that going to be divided evenly over the five years, or was it going to react to what came up each year?

**Mr. Hayden:** Well, just to give you the breakdown. Let's say that it's averaged over the five years. It depends on who makes application. All of the funding through Growing Forward is broken out on a 60-40 basis, so 60 per cent federal, 40 per cent provincial. I have to say that any time we get that opportunity, we take advantage of it because, of course, we're a net contributor to the national scene, so when we get an opportunity to do well, we do. Around \$109 million for our province, \$164 million for the federal government: that is what we're looking at.

**Ms Pastoor:** Okay. How many applicants have you had for this?

**Mr. Hayden:** I don't have the breakdown on the number of applicants. That varies from year to year. What I can do is get that information to you.

**Ms Pastoor:** Okay. Thank you.

If an applicant gets it one year, could they get it again the second year, and if an applicant is turned down the first year, could they reapply?

**Mr. Hayden:** As long as they meet the criteria for the funding, they can receive it all the way through, yeah.

**Ms Pastoor:** Okay. Thank you.

I guess you can get back to me on where it's included in the budget, which line items. You can get it to me in writing.

**Mr. Hayden:** Yeah. It's scattered throughout the estimates. We can give you a little more information.

**Ms Pastoor:** Okay. Thanks.

I think we probably have discussed some of this already, but in my mind it's worth the conversation again. It's around farm safety. As I've mentioned before, what we get a lot of is education, education, education. I believe that that probably is a very necessary component. Nevertheless, the bottom line is that paid farm workers deserve the same rights as other workers, rights that are protected under legislation. Can the minister explain why there's nothing listed in the budget regarding farm safety? If it is education, as you have said before, where is that money coming from? How much will the department be spending on farm safety? I know that you've just given that. I'm sorry; I've forgotten the numbers already.

**Mr. Hayden:** Seven hundred and fifteen thousand dollars.

**Ms Pastoor:** What is the status of the consultations which have been taking place in Agriculture and in Employment and Immigration to bring changes to labour legislation to include paid farm workers, as recommended by that federal judge?

One of the things I think I'd like to talk about in terms of the education that you want to bring forward: our small exhibitions. I'm not talking Northlands and Calgary. Our small exhibitions are often – what's the word I'm looking for? – the main point that agriculture activities would go around at different times. There are ag expos, and there's Aggie Days for the young kids. Would these, with many smaller grain fairs, where people have good grain and bad grain – you can sure tell I've just turned into a city girl, and I know I'm

being watched and listened to. I just think that the exhibition boards, all of whom are basically struggling, could play a big part in this because they have the lists, they know where all their farmers are, and they have the young schoolchildren coming through. I think I'd like your department to look at how we could access and have the ag boards play a part in that education side of it. That's just sort of a private comment.

**Mr. Hayden:** Interestingly, we do have farm safety displays at most of the fairs, so the information is out there before them. That is a place for people to pick things up, not so much a place to educate because they move from one booth to the next.

Your comment on making use of the agriculture groups locally: that's, in fact, exactly what we've done with the \$715,000. We started some time ago as a government in conversation with a number of groups. We've got two different groups. We've got agricultural service boards, that are through your municipalities, but we also have agricultural societies. Agricultural societies cover about 286 communities whereas your agricultural service boards are probably more in the neighbourhood of around 70, I would say.

Your agricultural societies have the ability to connect right at the community level, even in the tiny, small communities, on the education portion of this. The funding, this additional \$715,000, is going directly to those societies to deliver safety and education right at the community level. Of course, they know all the players. That's the one nice thing about dealing at the community level.

Further to your question, there was already money in the budget for farm safety: \$120,000 was earmarked already for farm safety in Alberta. With all of the different safety programs that are out there – it shows up in a number of line items where we support farm safety – we're well over the million dollars this year.

**Ms Pastoor:** Thank you. And that \$120,000 is, again, for education?

**Mr. Hayden:** Yes.

**Ms Pastoor:** Okay. I guess I would still have to make a comment that I still think we should look at farm workers being under workmen's comp. I realize that we have to look at a way to be able to do that that is really fair to the farm workers but also fair to the producers, who at this point in time can't handle a great deal of extra dollars onto their front-line production. I believe it is important because we have too many accidents out there, and we have people that can never work again. Workmen's comp really was meant to help our workers, and labour is labour. I don't care if they're working in the oil field or if they're working, you know, on the chutes with the cows or if they're penning or whatever they're doing.

**Mr. Hayden:** If I could comment on that, hon. member.

**Ms Pastoor:** Yes. Thank you.

**Mr. Hayden:** Of course, that is optional right now. Farm operation can enrol in the Workers' Compensation Board. That is something that is available on a voluntary basis at this time. But you made a really good point. As with everything, the timing needs to be correct. We're in a situation right now in Alberta with our second-largest and, I like to point out, our largest renewable industry where because of global conditions and outside pressures we have to be very careful. When we look at legislation and regulation on an already burdened industry, the answer to saving lives and stopping injuries or reducing injuries, the correct way to go about it, isn't to shut the industry down, to put people out of work.

That speaks back to our commitment of another \$715,000 this year to try to work right within the communities and make sure that we stop these things from happening. I think that's the most proactive approach we can take at the present time. Of course, we'll look at all the information that comes in, and we are looking at the issue on an ongoing basis.

7:30

**Ms Pastoor:** Thank you. I appreciate that. I mean, I understand what you're saying, but I guess I'd like to know that at some point in time there is an ongoing discussion about how at least – workmen's comp you've said is optional; maybe it shouldn't be – there is some way of protecting the workers that work on a farm. Many of them are seasonal workers, and if they're injured, it often is for life. I think, if I'm correct, we've already had cutbacks in terms of the re-education programs. These people are often injured, and then there isn't any money to re-educate them in some other job. So those two kind of overlap each other.

Dismantling of the rail lines is a very interesting dilemma. There are some people that have taken the bull by the horns, so to speak, and actually have gone ahead and created a group. It's a group of farmers southeast of Edmonton at the Battle River railroad new generation co-op. They purchased the Camrose-Alliance rail line from CN rather than having it shut down. The rail lines are really essential to the economic viability of Alberta's farmers and producers who use them to transport their goods. They're also essential to maintain Alberta's rural way of life. What is the minister doing to halt the dismantling of the rail lines, and what is he doing to help these people go forward?

I believe that there's also an inadvertent consequence to this. Clearly, if we don't have the railroads, we're going to have increased road maintenance that will be very costly because these trucks weigh a ton, there will be increased costs in moving the goods, and there is increased greenhouse gas production due to the extra trucking. I think – and I can't prove that, of course, with any kind of cost analysis – that it really is more efficient to move by train. I guess, the argument from the farm side would be that they still have to get their product to the train, which is a much greater distance because the elevators aren't as close as they used to be. I would just like some comments on that. I do hate to see our rail lines go. I think it's short sighted.

**Mr. Hayden:** Well, you'll be pleased to hear that you're absolutely correct. In fact, it's easy to follow and do the price comparisons. The most energy efficient and environmentally friendly way to move goods is steel on steel. We as a government are aware of that. We have some difficulties with respect to abandonment because an awful lot of that legislation and regulation is at the federal level.

Having said that, the group that you speak of is one of only two groups in central Alberta that are looking at rail line abandonment challenges, and we have funded through my ministry the business development plan for both of those groups. The one that is east-west from the Saskatchewan border, across, over, and down through Drumheller, as an example, I believe the funding on that was around half a million dollars. They're getting closer. They're working with the agricultural producers out there and looking at producer cars and looking at ways of making it a sustainable long-term investment.

With the rail there are a couple of opportunities, and communities are very ingenious. They, of course, are looking at some tourism opportunities on those rail lines along with the producer car option. I think that there are all kinds of opportunities in the future as we create new markets globally, too, and that's different container sizes and different sizes of customers. There are some challenges with respect to container size, but there are opportunities with Sea-Cans.

When I say that there are some challenges, there are certain

products that we produce that if you put them in the large Sea-Can, they'd actually burst the sides because you're talking about so much weight. But in the smaller ones, there are shipping possibilities, possibly directly from the farm gate onto a train car onto a ship and into a market overseas. There are some amazing possibilities for the future.

We are very supportive as a government of working with the communities that want to maintain those lines so that they're viable.

**Ms Pastoor:** I realize that these containers are huge, but would it be possible to maybe truck from the farm to that container?

**Mr. Hayden:** Absolutely.

**Ms Pastoor:** Then the container would go forward?

**Mr. Hayden:** Yeah. Well, that's the way most of it is done right now. Very little is sent in a container that would be loaded on a truck. I'm just talking about some options for the future. Right now when I say a producer car, I'm talking about a full railway car that can be loaded at a siding in the local community and sent into the system. Then it goes down, gets into the system, and it's off for export out of Alberta to wherever it happens to be going.

**Ms Pastoor:** I can't remember the Alberta port. We're talking about pipelines taking our oil to Prince . . .

**Mr. Hayden:** Rupert.

**Ms Pastoor:** Rupert.

I should know this, but do we have rail lines that go to Prince Rupert?

**Mr. Hayden:** Yes, we do.

**Ms Pastoor:** Okay, good. Thank you. I should know that. I can see all the farmers laughing at me, but anyway.

**Mr. Hayden:** We have rail lines, but we don't have pipelines yet.

**Ms Pastoor:** No. I realize that, but I just wasn't sure about the rail lines. I didn't know if they were still operating. Things seem to disappear.

**Mr. Hayden:** The idea of the inland ports, actually, is very interesting. There are communities that are quite competitive. We have two communities in Alberta that very much are promoting the idea of being the inland port, and our neighbours to the east, actually Saskatoon, have pressed very hard over the years wanting to be Canada's inland port. It's interesting.

**Ms Pastoor:** Mr. Chair, I think I've just about exhausted what I wanted to ask. I thank the minister very much for answering my questions and being so forthright. Thank you.

**Mr. Hayden:** You're welcome.

**The Chair:** Well, thank you very much.

That will conclude the first hour of our debate. What I'll do is I'll call for a five-minute break right now, and we'll reconvene in five minutes and move directly to the Wildrose Alliance, followed by the NDs. Thank you.

[The committee adjourned from 7:37 p.m. to 7:42 p.m.]

**The Chair:** I'd like to call the meeting back to order. Our first speaker is Mr. Rob Anderson.

Go ahead, please. You'll be alternating back and forth?

**Mr. Anderson:** Yes. You bet. Thanks, Chair, and thanks, Minister, for being here. I just wanted to talk a little bit about the Alberta Livestock and Meat Agency. I hear a lot of mixed things. You know, I've never been an ag producer. I've got a few in my family, but I don't know as much about the business as I would like to. I've been hearing from some people who seem to think that ALMA is necessary and is something that could be helpful to them, and then there are others who feel that there's a lot of unnecessary regulation and burden, tagging, and they don't think that they're getting much use of it. I wanted to kind of get your take on how you felt ALMA was contributing to opening up our markets, and if, in fact, it is opening up our markets, which ones. Give me some success stories as to how that money is being spent.

**Mr. Hayden:** I think, probably, right off the bat the most obvious one is Japan. The market opening to us is a direct result of meetings that took place on the initiative of ALMA.

I think that this is a good opportunity, given your question, to clarify the role a little further. These are industry experts. They come from a number of disciplines, but they're people that are experts and professionals in their own right and have a good understanding of the markets that we need to go out and look for.

You talked about tagging, but basically what you're talking about is traceability. As an agency they can't force producers to do anything or suggest that they do anything with respect to traceabilities. All they can do is advise the minister and advise government on what types of steps have to be taken in order to open those markets up.

I think a prime example is the Japan reference that I just made. I made a reference to the previous hon. member with respect to China opening their borders to our products ahead of every other country in the world. These are the types of initiatives that we can look to ALMA for guidance on just because of their contact and their understanding of some of their global markets and the requirements to be there.

Interestingly, too, just in the past six days I've had two ambassadors come through my door at my office and visit with me. The ambassador that was with us last week from the European Union talked to me about market opportunities in the European Union and some of the requirements that need to be there for us to have access, and we have access to a number of countries. But an organization like ALMA, who are into those markets in other products, who are into those markets out of other provinces, I think can play a hugely beneficial role as an advisory board to the minister and as people working on the ground in promoting our products.

**Mr. Anderson:** Okay. So the traceability aspect is not currently mandatory?

**Mr. Hayden:** The traceability aspect is a provincial initiative, not the ALMA initiative. That's where I wanted to get that clarification. There always has been a traceability component to our livestock sector. Having said that, there is a manifest when livestock goes into a facility to be sold. In some cases people may not have branded, but they still had a manifest, so there was a way, although a very difficult way and a paper trail way, of tracking.

I'm going to use beef as an example. The majority of the industry over the years, of course, branded. That was a permanent identification marking that was used. As time has gone by, we're at a

technology now where we have ear tags with the chip in them. The producer purchases that tag, and when they purchase that tag or the package of tags, they are into a database already. Those tags are associated directly to the person that purchases them.

We've also moved on traceability. A number of things can happen. Age verification is one of the things that can happen. The age verification is cross-referenced onto that chip, and our marketplace is demanding that in the global market. They are demanding more and more information in order for us to open the borders. What percentage of that product at this time would go to those markets, I suppose, could be up for debate, but it's definitely a high percentage. It's an area that we have to work with, and we continue to try to make it easier and more efficient to handle these things.

We've got six pilot projects, as an example, right now in auction marts across the province, where there are reader panels on the runways in where the livestock come in. I've just got preliminary information back, but it's excellent. This is working very well. There's no human handling other than to unload them off, run them through, and the information pops up on the screen as they come through. All the information that's associated with that tag is available at that time to a purchaser or to the mart or to an inspector. So we've moved a long way.

**Mr. Anderson:** Okay. It's one of those kinds of things where you hear about it and it seems to make sense, you know, that the traceability would make our products more attractive to buyers. But when I do talk to my producers and go around to different places in Alberta and talk to people in that industry, they really feel, some of them anyway – I don't know about all of them – that it's a lot of work. They don't know if they're seeing the benefits from it, and they're so concerned about the extra costs and so forth. What are you doing to address the costs to these producers? What would you say to that?

7:50

**Mr. Hayden:** I'm working on initiatives right now with my department that are coming out of conversations with producers.

We did have a situation initially with respect to the age verification, and I had personal experience with it. This is going back a few years. Now I'm a small producer. There were sales in the province, and they're called presort. That's where you get your animals in with others so that it's a large enough group that the major buyers are interested in them. My animals could not go in a presort unless they were age verified. At that time when they went into a presort sale, they would bring 3 to 5 cents a pound more. On an animal that size when you start talking about 3 to 5 cents a pound, all of a sudden that \$3 tag doesn't mean very much. So those advantages, I believe, are out there.

What we're dealing with now, hon. member, though, is a global correction with the finances of the world. The high quality of the product that we produce in Alberta requires a customer that demands high quality and wants the best. Those are the areas where we're working with ALMA in developing new markets.

**Mr. Anderson:** Other than developing new markets, are you specifically working on the issue of cost to the producers on some of these regulations and traceability regulations, et cetera? Is that something that you're undertaking right now to look at?

**Mr. Hayden:** Yes, it is.

**Mr. Anderson:** Okay. Good. Is there any timeline where you're going to come back with a report or anything to that effect?

**Mr. Hayden:** I'm a bit of an impatient minister. I would like to move on some of these things immediately, but the danger of moving too quickly is that you don't put a plan in place that's going to meet the needs of the producers, so I am meeting with the producers. As recently as this past Friday I met with beef producer groups that represented everything all along the value chain. I met with them in Calgary and got some excellent input from them.

**Mr. Anderson:** So you're doing the industry consultation before you go and change the regs. How very noble of you.

**Mr. Hayden:** That's always how I've done it.

**Mr. Anderson:** Well, good. I'm glad to see that. That's good.

The country of origin labelling, obviously, is a real issue for some of our producers for obvious reasons. You've mentioned it in question period. I forget if it was today or some other day. What are you doing specifically to address that challenge that we have there?

**Mr. Hayden:** We've gone to the World Trade Organization. The World Trade Organization is the body that looks at a challenge like that. They are putting together the council that will hear the evidence and make a decision. Interestingly, Mexico has done exactly the same thing as we have. They've put a challenge in also. That will be heard by the World Trade Organization, and the determination will be made if the United States is in contravention of the North American free trade act. If they are, the mandatory country of origin labelling will be stopped. As I mentioned to the hon. member of the Official Opposition, the challenge, should it not be successful, would be followed up by an effort on my part to match the same practices in Canada.

At this point, because it's voluntary presently in Canada, I am encouraging the industry out there, I'm encouraging people across our country to identify the origin of the products that they have because I have full confidence in what we produce in Alberta. It is the highest quality you can buy in the world, and I think Canadians deserve to have that.

**Mr. Anderson:** Well, I would agree, Minister. One of the things that I've found frustrating sometimes is that you go out to some of these restaurants and also the supermarket and you try to buy some beef, and I don't think it is as clear. You know, there are a few times it says: Alberta AAA beef. You'll see that once in a while, but I and my family would like to know which ones are Alberta beef so that we could just purchase those. Is there any kind of initiative with regard to that that would – I don't know – encourage the local supermarkets, the chains, et cetera, to put some kind of tag or sticker on them so that we can do that sort of thing, or is that just not in the cards until we see the decision from the United States?

**Mr. Hayden:** That's something, as I say, that I would encourage the retailers out there to do, but because this is public, I have to be careful that I don't get into trouble and give unfair advantage. But if you and I have an opportunity to speak offline, I can tell you some of the chains that sell nothing but Canadian, and that may help you.

**Mr. Anderson:** They should advertise that.

**Mr. Hayden:** They do, in fact. Some do advertise it.

**Mr. Anderson:** Okay. Well, good.

How am I doing for time, Mr. Chair?

**The Chair:** You have seven minutes.

**Mr. Anderson:** The last one. This is a constant irritant, and I'm pretty sure we're on the same page on it. With regard to the Wheat Board, you know, I guess we're still waiting. What are your efforts with Ottawa, with the federal government on trying to finally get that market open and free?

**Mr. Hayden:** We've been very supportive of what Ottawa is trying to do. As I'm sure you're aware, there was just a recent Supreme Court challenge, and the ruling on the Supreme Court challenge was in favour of what the federal government is moving forward to do. I guess that at this point what you do is that you await whatever appeal processes or whatever takes place, and you live with the outcome.

**Mr. Anderson:** Well, I thought the original decision was that it had to be changed by legislation, that it couldn't be changed by order in council or something to that effect. That's your understanding as well?

**Mr. Hayden:** That's correct, but it's federal legislation.

**Mr. Anderson:** Right. I know that, but now that they can't do that with an order in council, do you know if they're moving forward with actually trying to change the federal legislation in Parliament?

**Mr. Hayden:** I know that it's their stated policy position, so I'd expect fully that they would, yes.

**Mr. Anderson:** It's been their stated policy position for an awfully long time.

**Mr. Hayden:** But it's been challenged in court, too, so that's delayed things. Lawyers always speed things up, don't they?

**Mr. Anderson:** Yeah, all the time. Absolutely.

Moving on. There was one thing I didn't quite understand. One of your budgets – and I don't have the page in front of me, unfortunately – was with regard to food chain traceability. It seemed that they overspent their budget by about 300 per cent, when I was looking over the numbers this morning, anyway. Why did they exceed their budget so massively?

**Mr. Hayden:** I'm going to need a little more information than that because I don't recall a variance that large in any of the major traceability initiatives. I'm just going to take a look here in the book and see if maybe I can identify what you might be . . .

**The Chair:** It's page 59 at the top of the page.

**Mr. Anderson:** Oh, there it is.

**Mr. Hayden:** Yeah. Okay. That actually is another nice little piece of good news. Yes, it's gone up dramatically, and you'll be happy to know that that's federal funding. That's federal funding in the Growing Forward and AgriFlex federal funding initiatives that went forward. That's what it is.

**Mr. Anderson:** Okay. That's a good reason.

**Mr. Hayden:** Yeah. We like their money.

**Mr. Anderson:** Rural development. The budget for Alberta rural development has tripled in the last two years, from \$3.8 million to

roughly \$11.6. Why is that? What are some of the initiatives that are going on that necessitate that increase in funding?

**Mr. Hayden:** There, again, good news. Increased federal funding. It includes the federal community development trust program.

**Mr. Anderson:** Okay. Very good. I only have a couple of minutes more. Could you tell me a little bit about the Agriculture Financial Services Corporation? It obviously was way over budget as well, by about \$250 million now. What were the reasons behind that?

**Mr. Hayden:** That's strictly an issue of how many people apply for loans. That's where that comes from. They have to meet the same criteria, but we have some large projects that have taken place. Also, that program has to do with our risk management programs. When you talk risk management, your bottom line is that it didn't rain. That's how that is affected. So lots of claims on our risk management programs and lots of people investing in them. When you look at the investment – just as an example, on our insurance and risk management programs – 50 per cent of the policy is paid for by the agricultural producer and the other 50 per cent by government, and it's split between the federal government and ourselves. So the more that it's accessed, the more that we contribute.

8:00

**Mr. Anderson:** Okay. That was directly because of the drought from last season.

**Mr. Hayden:** Yes. Last year was the second-highest payout on insurance in the history of the province.

**Mr. Anderson:** Do you have any of the damage? The second-highest in history: was it one of the driest years on record as well?

**Mr. Hayden:** Yes. It was one of the driest years since the Dirty Thirties. Just to give you an idea of the size of the problem this year, we still have claims that are going to come in this spring because some of the crops in northern Alberta, as an example, were covered with snow before they were harvested, so there will be wildlife damage claims from over the winter. With the insurance you're always shooting a little bit behind, but you can make estimates. It appears that this year we'll be somewhere in the neighbourhood of \$300 million to \$500 million paid out over premium costs. So it's huge; it's massive.

**Mr. Anderson:** Okay. Equipment spending. Corporate services within ministry support services had a budget of \$70,000, yet it spent over a million dollars, so about 14 times more. Now the budget has been increased by 50 per cent from last year. What was the reason for that?

**Mr. Hayden:** This is a response to the Auditor General's recommendations with respect to IT and improving the IT systems within government, making them more secure and making government able to speak to government at a better rate. It's directly attributable to the recommendations of the Auditor General.

**Mr. Anderson:** That's a heck of an expensive recommendation.

**Mr. Hayden:** Was it ever.

**Mr. Anderson:** We're not in a recession anymore, but we were in a recessionary period over the last year. This budget for the minis-

ter's office is the same. I know some have decreased their budget. Just on, you know, setting an example, that sort of thing, why is the budget the same for this year?

**Mr. Hayden:** Actually, I think that we've done very well to hold it the same. One of the responsibilities that I believe we have as a province is developing markets for the goods that people in this province produce.

**The Chair:** Thank you very much. That concludes this portion of the debate.

We'll go to our next speaker, Ms Rachel Notley. You'll be going back and forth as well?

**Ms Notley:** I will, yeah, for sure.

**The Chair:** Okay. Thanks.

**Ms Notley:** Thank you for all the information you've given so far. It's been a good discussion. I want to compliment you on the pithiness of your answer and the fact that you answer your questions and then wait for the next question as opposed to talking for 15 minutes on each question. It makes for a much more productive discussion, absolutely. So thanks for that.

I have a bunch of questions all over the place. You know, like the member from the Official Opposition, I don't have the benefit of having been raised on a farm or a ranch. I'm sort of trying to learn stuff as I go along, little bits and pieces here and there, having grown up in a farm community, obviously, but our family's efforts collectively to engage in agricultural activity always ended with the neighbours having to come in very quickly and . . .

**Mr. Hayden:** Put out the fire.

**Ms Notley:** Exactly. Did you hear about that? That's exactly it.

**Mr. Hayden:** I have, yeah. It was in the paper.

**Ms Notley:** I want to start with a couple of questions about ALMA. I started by looking back at some of the discussions that we had last year and the previous minister talking about, you know, the second phase of the meat strategy, the investment of roughly \$300 million, and then also some of the costs to other initiatives in order to support ALMA more generally and the talk of the loss of about 130 FTEs and savings of about \$30 million from your ministry that were then reinvested into ALMA. Last year I think it was about \$55 million, and this year it's roughly \$50 million.

In general, I want to just start by asking about what kinds of performance measures are in place for ALMA to determine whether it's achieving what it needs to. I know you've talked about the access to markets, and I don't know enough about it, how much we can attribute that to ALMA or not. Are there any other, sort of more transparent measures of performance that you use to assess the merits of this agency?

**Mr. Hayden:** There are. ALMA operates under specific direction from the provincial government to work in a number of areas, but there are really four main areas that they operate within. The performance measurements with respect to market development: I would characterize that as a difficult one right at the moment. We do know that there is a direct relationship between the work that ALMA has done and the opening of markets in Japan. We believe that we're on the verge in a number of other areas where we work closely, but as I'm sure the hon. member is aware, with market

development on a global scale it takes some time to see the results because other countries' federal governments operate at the same speed as ours. So to try and encapsulate it in a 15-minute answer – I'm just kidding.

We do have performance measures on things. They have an \$8 million program in place right now that's working on bringing the costs of feeding livestock down and making sure that the nutrition and everything is there. You still get the gains, but cost reductions are there to improve the bottom line. It just depends on the individual projects, genomics as an example, to try and put out a superior product and a product that the marketplace wants. Some of it's pretty high-level stuff that these folks do for us.

**Ms Notley:** Right. I can see, you know, the merits of a lot of that. I suppose one of the concerns that I have, in some ways parroting some of the concerns that were mentioned before by the member from Lethbridge, is this whole issue of how it is you support the smaller farm, the smaller producer at the farm gate, as it were. You used the phrase: we're price takers, not price setters. Of course, no one's a bigger price taker than the primary producer, and then those who are operating higher up the production chain in this province may still feel like they are price takers in the international setting, but they're certainly price setters when it comes to their relationship with the primary producer.

I'm looking at ALMA, and I was just looking through some of their programs. What I see is about, I think, four or five programs that amount to up to about \$30 million in grants. What I see is that of those five programs – one is worth about \$5 million – the primary producer is only eligible for one of those five programs, to the maximum of \$5 million. The remainder of the programs are all focused on bigger industry players.

That leads, then, into an issue that you and I discussed briefly in the Legislature around sort of the issue of the family farm and the fact that we've basically lost about 5,000 family farms in this province over the last nine years. Can you tell me what's going on in your ministry and where we would find the resources for same, if there is anything, that's really focused on that issue, on supporting the family farm, the smaller producer, and maintaining that as a viable industry for Albertans?

**Mr. Hayden:** That's an excellent question. The vast majority of the funding that comes through my ministry goes into what I would classify as smaller operations. We have a couple of areas that I think it's important to be clear on. A great deal of the work that ALMA does, the efforts in the feeding program as an example, will benefit a small producer, a large producer. For anyone along the line those benefits will be felt. But a great deal of what they do in market development helps producers by creating those markets or getting access to those markets.

Some of the other work that they're doing is research in processing. As the costs at the processing end come down and people are able to provide more products to a customer that wants those products, then the primary producer on the other end receives the benefit of it.

**8:10**

I think the important thing to point out is that in the overall funding through agriculture 85 per cent goes directly to the agriculture industry and about 15 per cent of it goes to the people that put those programs out there but also the people with the expertise to guide people in new crop varieties, as an example, that fit the climatic conditions in a certain area. We make a large investment in research overall in agriculture to make sure we've got competitive products and things that are proper for our area. ALMA does some of that, but we do far more of that at a ministry level. ALMA is a

little finer defined to the development of those international markets. Is that helpful?

**Ms Notley:** Yeah, it is somewhat. You know, there's talk about 80 per cent of the funding going through to industry, but the loaded question is: what is industry, and who are we talking about when we talk about industry? It's the same thing even when you talk about creating markets. I mean, that's great. If we help certain players have a bigger market, that's wonderful, but there's no guarantee that the feedlot operator or the processor who has that better market is necessarily going to make any change to what they're paying the primary producer. There's a huge gap between what the primary producer is getting and what those farther up the food chain are getting. We know that that's a structural problem in terms of our agriculture industry.

I'm more focused on how it is we deal with the fact that there is, effectively, a monopoly that the primary producer has to deal with and that the price they're getting, you know, is really quite repressed, and it has been for the last decade or two. Is there any work done there to ensure that raising livestock – we're talking right now about livestock – can continue to be a viable business selection for the average Albertan?

**Mr. Hayden:** Some of this is science, and some of this is opinion, and I'll let you sort it out. Supply and demand, of course, is the driving feature of all businesses but particularly in agriculture. Because you mentioned specifically livestock, the best way is to give some examples. During the '30s in this province people actually shipped livestock to the processing facilities and received a bill back for the transportation because it didn't cover it.

**Ms Notley:** They're getting awfully close to that now. I mean, we're getting close to that point.

**Mr. Hayden:** The operation of being the price taker, obviously, has its risks. I don't think there's any question that the people up the value chain base the price that they pay for what they purchase on their ability to sell it and make a profit. Having said that, in 2005 with respect to livestock we had 2.3 million head of breeding beef cattle in the province. This year we have 1.6 million. Forecasts out show further reductions if things don't change. At some point the balance swings back the other way, and it's supply and demand again, and it's a really, really harsh market for people to deal in. The numbers in the United States are actually more severe drops than they are here, which bodes well for the future, and prices actually are on the increase right now.

How do we manage that? A number of the questions that have been asked tonight are directly related to the risk management options that we offer through our insurance programs, our coverage programs, beginning farmers' money, trying to help them with a new program that we did in livestock, where we just started to allow them to insure to price, which safeguards them from the market. Are the programs perfect? No, they're not. It's a developing art, probably, more than anything, actuarial work with insurance agencies and whatnot, insurance companies and excess insurers, where we try to figure out what we can actually do.

We are doing a very in-depth study, again, now that will be reviewed at our provincial and territorial ag ministers' and federal ministers' meetings in July. We keep trying to improve the programs that are out there so we can take some of the risk of the market out of it for producers. That's been what people consider to be the best approach to today.

**Ms Notley:** As you rightly point out, it's been very harsh, and we've

lost a lot of cattle. A lot of folks have gone out of business as a result, and you know that the ones that are going out of business are the smaller ones because they can't afford to ride out the swing and wait for the market to rebalance. There's also, you know, sort of a standard thing. I mean, yeah, supply and demand, it's wonderful, pure economics, but even Adam Smith will tell you that when you get into a monopoly situation, the whole purity of the supply and demand thing starts to get distorted, starts to get out of whack. That's a bit of what we're dealing with in the agriculture industry.

My concern in the long term – I'm going to just switch to a slightly different topic – is that the more we allow the production of food to be taken over by larger and larger producers and ultimately multinational producers, the more we lose control of our own food security. So I'm going to move away from the previous discussion – you know what my concerns are – and quickly ask one question. Then I have one more topic after that. I think that's all I'll have time for.

There's been some talk about the whole issue of diversifying local production. You talked about building the domestic market, and you talked about interprovincial domestic market. But even thinking about the local markets, even the smaller ones – and we had a good discussion in the Legislature last week with a private member's motion, and I think a lot of points were raised at the time – I'm wondering if there are any line items or initiatives within your ministry to support the growth of this type of market, which, of course, also goes to the issue of starting to move around that monopoly, I think, in many respects and give new life to the small producer. What have you got in your budget for that kind of stuff?

**Mr. Hayden:** Well, part of what we have is the availability of capital for good ideas. Something that I think would be helpful to the question that you're asking – when we talk about livestock, as an example, we have over 50 independent processing facilities throughout the province. We have the two great big ones, but we have 50 independent processing facilities, and some of them are very specialized facilities. We have three in the province, as an example, that do bison. Bison is showing up more and more at your local markets, produced within the community, giving that buy-local option to people. I'm a small producer; I raise my own beef at home for my family. One of the local processing facilities in my community does a great deal of it. It's a federally inspected facility, so the meat that comes from there can be sold into all of the facilities within our province. I think we can do a lot more. I agree with you, and I absolutely am in favour of that.

**Ms Notley:** I recall there being some talk about efforts up north to put together some producer co-op processing, which never went anywhere, but it seems to me to be something that perhaps the government ought to think about.

**Mr. Hayden:** Well, we're there for any agricultural endeavour that meets the criteria with respect to helping them with their capital. We don't say no to anything. They're doing it, as I say, with over 50 already out there.

But it wouldn't be fair for me to leave you with the thought that that's going to bail us out or the smaller farms. We need a balance. Approximately 50 per cent domestic market and 50 per cent export market would be the optimum. Fifty per cent of what we produce will look after the domestic market, really, that's available to us nationally. When we use those numbers, we need to make sure that we invest in the areas that are going to give us the biggest bang for the buck.

The statement that you made, that we're losing the smaller ones, isn't necessarily the truth.

**Ms Notley:** Well, 5,000 farms.

**Mr. Hayden:** Yeah. Well, we have, but realistically when we take a look at the trend globally – you know, you can't buck the global trend completely. I made the statement the other day that at the time that my grandfather started farming the farm that I'm on right now, the balance was 80 per cent lived on farms and 20 per cent lived in urban settings. That's swapped ends now; 20 per cent of the Canadian population . . .

**Ms Notley:** You're supplementing your farm income with some other activity? Is that what you're saying?

**Mr. Hayden:** I do have an off-farm job, yes. A lot of people do, but there's a lot of people, too, that have been able to use some of the other industries in the province in order to earn money to help them pay to get into farming. Land is hugely expensive. The indication that I look at when you talk about family farms and the people's commitment out there: last year I presented 22 century farm awards in my constituency. Those families are still out there. Are there bigger farms? Absolutely there are, but there are still smaller farms out there, too.

8:20

**Ms Notley:** Just think, if we divided the 5,000 that we lost by 83, how many more certificates you could have presented.

I want to move on to the other topic really quickly which, of course, is the issue of farm safety. I understand that you've thrown out that \$715,000. We had quite a discussion about this in the last round of estimates, and at the time the minister had promised that by the fall we would have a proposal in the Legislature that outlined, first of all, who the consultant was that was reviewing farm safety, what the recommendations were, and who they had consulted with. I'm just wondering. I asked the Minister of Employment and Immigration about it and didn't get really much of a clear answer. We are now about eight months behind. I'm assuming that your \$715,000 announcement is not the answer to that issue in its entirety. When can we expect that report?

**Mr. Hayden:** Soon. We're making sure that it's in a form that we're allowed to release, taking into consideration . . .

**Ms Notley:** Don't say privacy concerns.

**Mr. Hayden:** There are some, actually, but there will be no exclusion of any other comments that have been made. That information will all be there. With respect to attributing it to a particular individual, if we can't get them to sign off on that stuff, the comment stays, but the name goes. So there are some considerations there. That information will be shared with you. The whole report will be shared with you, and that will help give us the direction to move forward.

**Ms Notley:** The concern that I have, of course, is that the examples that you've given thus far in terms of the agencies that can provide education – I mean, the places that we're concerned about are the big operations, many of which employ temporary foreign workers, but certainly that's not the only group that we're concerned about. Those employees, because that's what they are, are not going to ag society meetings, and they're not going to 4-H meetings. You know, they're working and some of them with not a great deal of training.

My understanding is that we had roughly 110 workplace fatalities in the province of Alberta last year, and we had 23 farm fatalities last year. I'm not sure if those 23 are actually part of the 110 or not.

Since they're not covered under occupational health and safety, they may be in addition to the 110. That says to me that that's an industry in crisis that needs some oversight beyond some information sessions.

**The Chair:** Thank you very much. That concludes this portion. We will go to Mr. George VanderBurg.

**Mr. VanderBurg:** Thank you. Interesting comments from the previous member. You know, you've hit on some of the topics that I want to talk about.

Mr. Minister, your goal 1, "Alberta will have a prosperous economy." You had a chance last week to meet Stewart Ainsworth in my ag advisory committee. Some of them are listening here tonight, and the rest of them will be reading *Hansard*, looking for that silver bullet to help them be prosperous. What are your comments back to them, knowing the concerns of the primary producer, knowing what's on their mind, and meeting those people first-hand out in Sangudo last week?

**Mr. Hayden:** I think we can paint some of our actions with a fairly broad brush. I think as government we need to get out of the way of producers where we're complicating their lives and get into the game where we're helping them establish the markets that are going to make this industry sustainable. When you talk to primary producers, agricultural producers, they really are not people who want a handout from government. They want to be sustainable. They want to operate on their own profits and really have the least amount possible to do with government.

So the best service that we can do is help them to develop those markets. It comes down to: in order for a business to be successful, you have to have a willing buyer and a willing seller, and there has to be money in it for everybody. The development of those markets both domestically and internationally when you match them with the risk management programs and services that we do: those are probably the two most important things that we can do for agricultural producers in Alberta, help them increase the number of markets that they can go into because of the depressed situation that we're dealing with in the United States.

Of course, 80 per cent of what we produce we export, and 80 per cent of that 80 per cent goes to the United States, so we've got a difficult situation to deal with right now. We need to develop other markets. We need to develop markets with people that can sign the cheque and it doesn't bounce.

**Mr. VanderBurg:** You just mentioned the position nationally and internationally. Again, this was brought up last week in Sangudo: the unlevel playing field, you know, the primary producer here having so many more costs and more regulations versus beef that comes into Alberta from the U.S., SRM removal, and the list goes on and on. How are we going to get to that level playing field? That's your goal 4 in here. How are we going to get there?

**Mr. Hayden:** Some of the very best markets out there that we want to get into require a very high level of comfort with respect to safety. So, yes, we do go the extra mile compared to a lot of places with respect to our inspections and with respect to the quality of what we produce. That is in response to where the markets are for us.

We need to get better results from what we do within our own country and be able to trade more freely into the domestic market, for one thing, and that's probably one of the first steps that we need to take. Not that we stop looking abroad. We have to look abroad too because, as I mentioned, it's about a 50-50 split for what we produce that there's a market for. So we need to do that.

I think we need to do a better job of communicating to people some of the things that we're doing. Now, when you talk about specified risk materials, as an example, there's a great deal of technology out there, and we're working with people right now that indicate to us that they can take those SRMs and turn them into energy. We're talking biodiesel, we're talking methane production, and we're talking dealing with those SRMs in a way that makes sense financially and will actually put us in pretty good shape. Even if we just hit a goal of no cost with respect to SRMs or carcass disposal, things like that, if we could just get to a no-cost situation because of how well they could do, we already put our people at a competitive advantage. So I think there are some things we can do out there.

**Mr. VanderBurg:** Again, previously the member from Edmonton talked to you a little bit about the local initiatives, and I know there's a fund, the explore local initiative fund, and a program that you work with across ministries.

**Mr. Hayden:** Yes.

**Mr. VanderBurg:** Is that going to continue in the foreseeable future? How much money is coming out of your budget? What's the kind of cost sharing and linkage between other ministries on that explore local initiative plan?

**Mr. Hayden:** Yes, it is continuing. It's part of our rural extension and industry development, and Growing Forward is working with us on that. It's part of a \$38 million initiative on developing markets.

**Mr. VanderBurg:** I guess I talked about this a year ago. We're seeing more and more urbanization of our industry; you know, manufacturing plants are locating in larger centres. As well, your own department seems to centralize way too much for my liking. I mean, if I were the minister, I would take one of these guys and their whole department and relocate them in Onoway or Mayerthorpe if you want to see what a group of a hundred people from your department can do to grow Alberta in a rural setting. You won't have parking issues, and you won't have towers downtown that you'll have to relocate to with fancy offices that you'll have to keep rebuilding. You could spend some wise money and set yourself up in rural Alberta and operate much cheaper and be right there with the primary producer. We'll put your name up on the building, too, if you want to do that.

All joking aside, I think that we've centralized too much, and we've encouraged too many people to locate in larger centres. What are you doing to counteract that? How are you getting the new production where it really makes a difference to me? Remember, I'm the rural MLA for Whitecourt-Ste. Anne.

8:30

**Mr. Hayden:** Yes, you are. As a ministry we opened up 13 new offices recently in rural Alberta, but when we take AFSC into consideration, they have over 50 offices. When you take a look at the people that actually serve the agriculture industry out of my budget, 70 per cent of the employees are in rural Alberta. Now, having said that, I haven't set them out in the middle of a field somewhere. They're in the smaller towns and villages, obviously, distributed throughout the province. That percentage goes higher in the summertime because we have quite a bit of part-time staff, seasonal staff that comes on in the summer, so we're probably getting up closer to 80 or 85 per cent of the staff during those productive months when we've got people out on noxious weed



control programs, as an example, adjusters inspecting fields, all of those different areas. So as a ministry we probably rate way up there with 70 per cent actually outside of the two major cities.

**Mr. VanderBurg:** Don't get me wrong. I don't want to see Cathy Housdorff using an outdoor toilet. I wasn't talking about out in the boonies. I'm talking about small communities where it could really make a difference.

I go back to a pet peeve of mine – and Brad will know about this – the calling centres. When we lost our ag fieldman and our office in Sangudo, I think we lost a piece of agriculture in our constituency. I know you've moved to open some of those in other centres, but it hasn't happened in Whitecourt-Ste. Anne, and I'm hoping that you still have that opportunity to fix that. Is there anything planned in this year's business plan to restore that service in my constituency?

**Mr. Hayden:** I don't know about specifically in your constituency. I can look. Of course, we have a large operation in my constituency, Drumheller-Stettler, and that is just a coincidence because it was there before I became minister. There are a number of communities that benefit greatly by the agriculture people that are there. I can check.

**Mr. VanderBurg:** I think that covers my question. Thank you. I really do appreciate you coming out to Sangudo last week. The producers do. Everybody in the community the next day knew that you were there, so keep up those trips. It makes a difference.

**Mr. Hayden:** Thank you.

**The Chair:** Thank you very much. I would like to just comment that AFSC is in Lacombe and probably provides work for – what? – 400 people and is a huge asset to my rural constituency.

Next speaker, Mr. Cal Dallas.

**Mr. Dallas:** Thanks very much, Mr. Chair, and thank you, gentlemen, for being here tonight. Minister, I want to go back and talk about the previous year and relate this to some of the risk mitigation strategies that we've made available. Clearly, we had a very unique and disastrous, I guess, from many perspectives, year last year in terms of moisture levels early in the year, some recovery later in the fall. But in Alberta, you know, we've probably got more variance in climate, topography, soil zones, different types of production than perhaps most of the areas anywhere on the planet. Significant payouts resulted. I guess the first thing I wonder if you could speak to is what impact that has going forward as producers try and access risk insurance this year. What impact have we had?

**Mr. Hayden:** Fortunately, this is a business that we've been in as a province for a long time, so the underwriters that we work with as a province don't respond on a one-year-to-the-next basis. At minimum the considerations are based on 10-year averages and, in some cases, up to 20-year averages. When we go out to work with that excess insurer industry, the actuarial studies are done on the risk that they may face, but as I say, it's a number that's put out over a long period of time. Generally, we hold any fluctuation to a maximum of 10 per cent on our major programs. There can't be a fluctuation of more than a 10 per cent on a premium cost in a year. That's our major programs.

**Mr. Dallas:** Great. Thank you. I think you touched on this a little bit earlier, but I wonder if you'd elaborate. When I look on page 59, the department expense by element, essentially, the insurance and the lending assistance represents about one-half of the expenditures

that are projected. How did we arrive where we're at right now? I guess the question would be: how do we know that we're in a sweet spot in terms of the investment that we have in that area – access to capital, risk mitigation – relative to all of the other programs that we've got? We spend a lot of time talking about market access development, a variety of other strategies and supports that are provided to our agricultural producers. How do we get a sense that we're in the right spot in terms of these expenditures?

**Mr. Hayden:** I'm not certain. I can't give you a comparison to other jurisdictions, but then there are no other jurisdictions in Canada that are quite like ours. I can tell you that on the bottom line 85 per cent of what my budget is goes directly to the producers or value chain in the industry, and included in that is research. But some of the expertise is outside of that, and it's in the 15 per cent with respect to the people that we have out there that are advising and involved in working with people in the industry. That, I think, is a good balance.

We have a different situation in the province of Alberta than anywhere else because we actually have added a great deal of the value-added chain in this province that doesn't exist elsewhere. Just to give you an example on that, we produce around 50 per cent of the beef cattle in our country, but we process 70 per cent of Canada's, so we've actually become an area that adds value to animals from outside. The same exists in other areas, but that one is a pretty good example.

We're an interesting blend. We're very heavy on the livestock end as producers. We also have very strong grains and specialty crops, real diversified. If Alberta was a farm, we'd be a mixed farm – let me put it that way – whereas some of the other provinces are more into specific production.

Our support programs go into a number of areas. I met with a producer in southern Alberta just recently, and I just keep getting surprises. I didn't realize that we are the producer of about 50 per cent of the spearmint that's used in North America, so when you pick up a tube of Colgate and it's spearmint flavoured, chances are the flip of the coin that it likely comes from Alberta. The expansion of the development of nutraceuticals is just unbelievable.

The industry itself is changing dramatically, but the supports that my ministry has on balance, I would say, are achieving the right results because we're getting further expansion of the nutraceuticals. We're getting more crop diversification. We're getting specialty products that there are markets for around the world. So I'd say that the balance in that 85 per cent where we invest is working because we're diversifying at a faster rate, and we're actually adding value in this province at a far greater rate than many of our neighbours.

**Mr. Dallas:** I wonder if we could talk about the Agriculture Financial Services Corporation a little bit. I know the corporation and the predecessors go back at least 35 years, my recollection is, operating as a beginning farmer program, access to capital, and a lender of last resort back in those years many years ago. On an annualized basis, sir, over a period of time how do we measure the value that the corporation has brought to taxpayers, to farm producers? What measures do you use to look at and determine that we're getting fair value as taxpayers for the investment that we're making?

8:40

**Mr. Hayden:** I think the indication that I gave earlier, what we've done in providing capital to the industry, is probably an important point. In 2003 it was \$178 million in lending, but this year, 2009-10, we leveraged \$350 million in new lending, and we leveraged \$580 million with a very good payback. That goes into areas of the value chain, where we add value, and right down to the primary producers also. The support programs, the risk management programs are

second to none, and the federal government, actually, and other provinces depend heavily on Alberta in the development of new programs.

One of the examples that I spoke about a little bit earlier that deserves some time – I won't go into it in great detail, but you and I can talk offline a little if you'd like – was our livestock insurance program, that is absolutely unique to Alberta. We developed that with our own staff, and that was with the animals that are closer to the processing weight and provided price surety for the people that were managing them. We're looking at programs right back to the cow-calf producer now.

The areas of risk management, the availability of capital: those are two of the main things that we get from our program. I mean, the lending assistance, as I mentioned, is huge; production insurance is huge; the coverage we give people for wildlife damage, obviously. There's a real good suite of programs that are available.

**Mr. Dallas:** Thanks, Minister. Actually, I did want to just touch on the cattle price insurance program for a moment simply because when I'm looking at the expense by element, I'm having trouble tracking where our investment is for that. I guess a second question related to that is that I've seen ample evidence of the talent that we have working with this in AFSC, and I'm wondering if we do recognize or realize some value in terms of: if Alberta is a leader in the development of these programs and it's obviously based on proprietary concepts and abilities, do we actually derive some revenue with our jurisdictional counterparts for the work that we're doing?

**Mr. Hayden:** I'm going to answer what we derive from it last, and I'm just going to make reference to the cattle pricing program. It's under our production insurance, so that's why you wouldn't find it. It's under our production insurance under agriculture insurance and lending assistance. That's part of our \$191 million program for insurance.

With respect to what we get back, within the risk management programs that are out there, I mentioned earlier that half of the premium is paid for by the producer, and the other half is paid for by government. Of the half that's paid for by government, 60 per cent is federal and 40 per cent is provincial. When we develop programs in Alberta and they go national and they're recognized at the federal level, 60 per cent of the government funding that goes in is federal, so I would say that that's probably the most obvious spot where we receive payoff for these innovative things.

There's a great deal of interest in our livestock insurance program that we just put in. We were the only province that did it, and we've done it on our own. It's a discussion item at the table, and it's being considered now for being offered federally. Once we take it down that next step, that's the first and most obvious place where, instead of us doing whatever contribution we might do – that particular program is fully producer supported at the moment, by the way, but when we approve it and they see the advantages of it on a national level and we can get governments behind it, that's probably the most obvious area where we're going to benefit.

I mean, any time our producers benefit – and that's a more stable environment for them – we all benefit. For every primary producer there are four spinoff jobs, so one of the things right off the bat is that when you can help them manage risk and stay busy, stay going, you're producing a number of jobs.

**Mr. Dallas:** Appreciate that. Those spinoff jobs are critically important to my community in Red Deer. Obviously, as a large industry in Alberta it plays a prominent role in the economy of Red Deer.

I have just one more question, and it's a little bit off the topic that we've been on. It's with respect to opening up new markets and offshore marketing. Recently I listened to a presentation on marketing beef in some of the Asian countries, and I guess one of the comments that twiggged on me was that consumer preference in those countries is somewhat different than consumer preference in Alberta in terms of the texture and content of the beef product. It seems that the consumer is looking for considerably more marbling than what we typically would produce here. I'm sure that we do due diligence before we go into these markets, but do we have a good sense that the kind of product that we're producing here in Alberta is going to see market acceptance even if we can find access and a buyer is willing to have a go at Alberta beef?

**Mr. Hayden:** Absolutely. We can produce the product that those markets want. You're correct: some markets want a great deal of marbling. They want the tenderness, and it's different from our domestic market where they want a leaner product. There are markets out there that are huge where, in fact, it's raw. The product that they serve is a raw product on beef. I think about the Japanese market, right off the bat. Beef tataki is an example. We are actually producing Wagyu beef in Alberta right now for specialty markets. But even our more traditional beef types, by virtue of how they're fed and how they're managed, can produce a different carcass. So we can produce for those speciality markets very well and do produce. There are niche markets available to us now, and there are opportunities for more in the future.

**Mr. Dallas:** Thanks so much. That's all for now, Mr. Chairman.

**The Chair:** Thank you very much, Mr. Dallas.

The next speaker is Mr. Arno Doerksen.

**Mr. Doerksen:** Thank you, Mr. Chairman. Thank you, Minister and all of your staff, for being here this evening and providing the opportunity for us to ask questions and get answers. I think it's a good opportunity. I appreciate the opportunity very much and compliment you on the good work that you're doing, that is recognized around the country. That's a good thing for all of us, and I appreciate that.

The first question that I'm going to ask – probably we'll run out of time before we run out of things to talk about, but that's okay – is kind of a general question. I think goal 1 of your ministry's business plan talks about ensuring that we have a competitive and self-reliant industry. That's a big challenge. You've talked quite a bit this evening about some of the things that you're doing. What are some of the specific things that you see as delivering on that initiative?

**Mr. Hayden:** Obviously, it has to be profitable, so the bottom line is that we have to find ways to help the industry be profitable. The way that I think we can achieve that the best is to work with industry as we're doing now but to put even more effort into it; that is, finding those markets for the products and the commodities that we produce.

Interestingly, I spoke about the ambassador from the European Union that I spoke with last week. The market that we were talking about with the European Union was the livestock market and the livestock needs. Some of it is speciality products – and I mentioned bison – but a lot of it is the more conventional meat and potatoes in the beef industry.

This morning I had the opportunity to meet with the ambassador from Italy. We talked a little bit about the grains that are required for some of the top-quality, the finest quality pastas that are available in the world, and those grains are grains that we grow in

Alberta and Saskatchewan. So we need to take advantage of some of that high-end market where quality is what people are after because, quite frankly, we're in competition globally with some very interesting situations. There are people in the world that are still farming with oxen, and when we look at the input costs that our producers are faced with, we're talking about a whole different type of industry, but we're also talking about a whole different type of quality of product.

8:50

What producers are telling me – and I mentioned this earlier – is that they don't want a dependency on government. They want government there for them when they need them and out of their way when they don't. So by developing and working with them to develop those markets so that they are fairly compensated for what they're producing, that's the best service I think we can do. The other thing that we can do right now is help them, as we're trying through our risk management programs, to mitigate some of the difficulties that they're faced with. Quite frankly, we're dealing with a new global reality right now because of the economic situation globally. So while we're developing those markets, make sure that our risk management tools that we put in place are addressing the needs of the industry. I think that's the best that we can do right now for them.

**Mr. Doerksen:** Thank you. Certainly, in terms of finding outside markets, that's an important initiative. I think producers all across the province would agree with that. But how are you determining what the priority markets are? One of the challenges out in the country is the shotgun approach to markets. Really, that's good for shooting ducks but not so good for getting into markets. You really need to shoot with a rifle. As you've said, there needs to be a product that there's a demand for and somebody is willing to pay for. Can you talk a little bit about that? I know that from the industry side there's a lot of work that's done to develop markets, and there are a lot of initiatives to try to take advantage of priority markets, but how are we addressing that here in Alberta to ensure that we get the right ones?

**Mr. Hayden:** Some of it is a numbers game, and I'll give you an example. I mentioned earlier that we've now got access to the market in China for our pork, and we do have some access at this point for beef. When we talk about areas that we need to concentrate on, I'll use China as an example because China has over 400 million people that are under the age of 17, so just sheer numbers when we take a look at things. Trends are changing. Tastes are more westernized, I will say, in a number of areas.

We also see the global fishery. When we talk about protein availability – and I'm talking on the livestock end now – and the number of people that we've got out there in the world. They're literally dragging the bottom of the oceans in many areas, and anything that comes up in the net winds up on a plate. That wish to have their protein in the form of meat exists all around the world. When we take a look at markets that are available, the Chinese market is an example, the Indian market is an example. We are very much focusing on the areas that hold the most promise for us.

Now, we're not turning down the smaller countries either. We're shipping into the South American countries; they're shipping back. We've got some of the smaller markets, too, but those larger markets are where our best opportunities exist.

**Mr. Doerksen:** Thank you. I want to talk a little bit about a dynamic that I think you're speaking to. I want to talk about the beef market a little bit. If you accept Hong Kong as being part of the greater Chinese market, which it isn't directly but it's a gateway to

a large part of China – we don't have front-door access to China right now. The experience of the beef industry through the course of the last six, seven years with regard to what's happened in Hong Kong is kind of an interesting model for the success that the industry can have marketing where we get in first. Prior to BSE it wasn't a very big market for us, but it was probably the single market where we got in aggressively first. The result today is that the Hong Kong and the greater China market is one of the best markets in terms of volume and access for Canadian beef, not as good as it'll be once the front door to China opens. It's an interesting model for success just in terms of getting there first.

I know that today the industry is challenged to get into Russia. Last week – and I need to share this with you directly at some point here – I saw a document that outlined what the prohibitions were, what issues were restricting us from getting into the Russian market. One of the things that I want to tie to all of this is the challenge that the industry has with the CFIA, the Canadian Food Inspection Agency.

First of all, I want to start by saying that we have one of the very best animal health and food safety systems anywhere in the world, and the CFIA, the Canadian Food Inspection Agency, ensures that we get there. But one of the things that I don't think we do as well at as we could is advocacy. For quite a while we had a situation through the course of the BSE situation where the regulator was kind of the lead on advocacy. That's a great supporting role, but we really need to take a focus on that. I know that the government of Canada has upped their focus on that, but I don't think it's good enough yet.

I see an opportunity for the Alberta government to link with producers and producer groups to ensure that we are knocking on the right doors at the right time. This isn't going to be an overnight success, but it's something that as a government, as a province we could really see long-term success on if we approach that on a systematic basis over a period of years. I expect that ALMA is part of the solution to that but not wholly. It's about engaging existing producer groups and ensuring that we're working together, putting pressure on in the right places so that our federal counterparts are doing the job that needs to get done to open doors.

Do you have any comments on that? That's not a specific question, but it's a bigger picture issue that I think you've got budget to help with.

**Mr. Hayden:** Yes. You're absolutely correct. The role of our federal government is huge. Much of the trade that takes place globally – and I'm going to say virtually all of it – takes place based on agreements between nations, not between a province and another nation. We've been playing, I think, the lead role to a large degree, where we needed a stronger role on the other side. We're doing that. We do have embassy offices. Alberta has embassy offices throughout the world, and we're doing promotional work there. We need more assistance, though – you're correct – from the federal government.

Strangely, you talked about Russia and the possibilities in Russia. They absolutely want what we produce. We need to find ways to better do it. One of the indications is that some of the absolute best genetics available for the production of beef cattle and, for that matter, dairy cattle exist here in Canada. We have a very strong market into Russia right now on embryos and semen, which is a very good indication that what we produce in Alberta, what we produce in Canada is wanted globally.

We also need to maybe look at markets that are product specific to certain countries so that we can provide them with what they want. When you deal with the livestock sector, as an example, you know, you're dealing with a whole carcass that you try to get into a

certain market, and maybe it's just tenderloins in a certain market to open that door. You talked about opening the door. Maybe we need to be a little more creative on how we get the door open, and we're going to get the rest of that market once we're through that door.

**Mr. Doerksen:** Thank you, Minister. I agree with that.

Just to shift gears a little bit – but I think it's related – two weeks ago I had a cattle producer with more experience than I have talk to me about the opportunity they used to have to reduce costs and how challenging that was today partly because of the regulatory burden and the reality of costs of production.

There are two parts to that. I mean, we know that there's a limit to how much we can cut our costs. We're not going to race to the bottom. We're relatively high-cost producers, so it's the high-end beef market that we've got to go after. What do you have in mind in terms of assisting producers or clearing the way for producers to be able to reduce costs?

One of the things there – and I think there's a great opportunity around some of the things that we've talked about in Bill 1 currently – is to assist producers or free them up to reduce their costs, notwithstanding the fact that myself and any other agriculture producer will bump heads in the middle of the room if there's a nickel to be had there; in other words, no problem with adding costs as long as there's somebody in the world that's willing to pay for it. But what are we doing to ensure that that balance is right? Frankly, I think it's a little bit tilted to the heavy side right now.

9:00

**Mr. Hayden:** I think, hon. member, that's a fair comment, but I also think that the – I was going to say “restrictions” – way we've been going forward is superior with respect to safety and quality and quality control to some of our competition out there globally. I believe we will be rewarded with extra markets to a degree, but we have to go far beyond that.

Some of the areas where we can help get the profitability back. I made mention earlier of ALMA's initiative, an \$8 million investment that they're making in developing new feed strategies for the livestock industry to bring their costs down. I think some of the amazing work that's happening throughout the province with our crop research groups, where they're testing different varieties and doing lot's of really good work out there to try to find the most profitable grains and specialty crops that are best suited for the particular areas of our province, is going to add to the bottom line for our producers. I think that we can open markets both on the livestock side and the grain side with some of these specialty products and some of the ones that are more traditional just because of the quality of what we produce in the province. I think that through research there are lots of possibilities there.

As I mentioned earlier, we're adding a lot of value to a lot of the things we produce in Alberta. We've got some very good people that are investing along with our provincial government in the processing of new products for specific markets. We're seeing a number of those new products, I think somewhere in the neighbourhood of 60 new products last year that came out of investment that we as a province had put in to develop for markets around the world.

I think those are some of the things that are going to help with the bottom line. As the value of that product gets up, it's going to be better for the producer. But the research that we've done to reduce their costs in producing those things also is going to be important to them. I mentioned the specified risk materials. If we find a way to manage that – and we're working on ways so that that cost comes off that animal for that primary producer – you're talking about a huge increase, probably one of the larger increases that you could find

right now in what a producer would realize if we can get rid of the cost at that end.

**Mr. Doerksen:** Okay. Thank you.

Shifting gears again a little bit, I want to talk a little bit about the AgriStability program, which is basically a program that assists agricultural producers in maintaining a margin from year to year, a whole farm margin. At the primary production level it's really not a margin game. Of course it is; everybody needs a margin, and over time you need that. But, really, for agricultural producers, again, notwithstanding the fact that every one of them looks to produce things that there is actually a demand for, we know that at the end of the day there's a time lag on that. Agricultural producers produce a product. Then they sell it as best they can, and sometimes in a disaster situation the ends don't meet the way they should.

The ag stability program seems to me – and I think this reflects the view of a lot of agricultural producers – in many ways a very inappropriate program. I know it's not an Alberta-led initiative. It's a game we're playing with our federal counterparts, but it's also one that I think at some point we need to take a lead to try to wrap up into something that's a little more effective for agricultural producers and not quite as administratively burdensome both at the administration level in terms of government but also on the farm. The cost across this country, across the province of tracking inventories and entering all of those numbers and re-entering them and ensuring that all of that's correct and then auditing the thing to make sure that you didn't leave something on the table is extremely burdensome for the payback.

I've got a couple of questions. One: is there work being done to find a better way to approach programs in terms of a disaster that actually pays on the unit base of an acre, an animal, a commodity that's actually experiencing a disaster instead of taking it through a whole farm program? It's a very social approach to the thing. That's a general question. Specifically, on page 59, line 5.0.4, there's a \$128,911,000 entry that talks about AgriStability. Now, is that support for that program provincial? Maybe just a bit of an explanation of what that number is. So two questions.

**Mr. Hayden:** Two questions. I'll answer the last one first. Yes, that's just the province's contribution to the program. That's ours, and there's no federal money in there. Federal money is on top of that.

With respect to your other observation and your question as to how we are developing programs going forward, yes, that's one of the main discussion items on the table right now; that is, improving the programs and a program like AgriStability. That will be one of our main discussion points in July when we meet with the other provinces and with the federal government.

There's research taking place right now to try to make the programs more responsive, less administrative, and get rid of some of the burden at the producer level. But we have two streams right now. There's ag stability, and there is disaster funding available. AgriRecovery is another program. We are in discussions right now with our federal counterparts to try to address that, and I would expect that it would be paid out much the way that you suggested it should be. That would be what I would be pushing for as a minister.

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

**Mr. Doerksen:** Thank you, Minister.

**Mr. Hayden:** Thank you, Mr. Chair.

**The Chair:** Mr. Len Mitzel.

**Mr. Mitzel:** Thank you, Mr. Chairman. Minister, I think most of this stuff that you've covered already certainly answers some of the concerns and questions that I had. Of course, the very last speaker certainly talked about the beef industry and the cattle industry.

I want to switch that just a little bit. I've just got a couple of points that I want to talk about for a minute. Your goal 3 and your goal 2: just a point on each one of those. A lot of it was covered already by some of the other speakers' questions, certainly the members for Lethbridge-East and Edmonton-Strathcona.

One point kind of jumped out at me, and that was item 3.4 in your strategies. You talked about developing the traceability systems. I'm fully aware of the traceability systems in agriculture, so I won't even go there with that, but you're talking about the traceability systems in crops. I'm well aware of the demands that are now with the grain companies when they call for a certain variety of a certain crop, whether it's that they want a certain variety of durum or a certain variety of spring wheat or a certain variety of barley, and that's what's hauled in. So I guess from a point there's probably a bit of traceability there.

One of the old ways I couldn't help thinking of was that traceability has been done for probably 40 or 50 years, and it wasn't done to determine what type of crop you had so much as whether it was really yours or not. That's with the confetti with the numbers on them that used to go into the bins to make sure that the crop that was then sold sort of matched the numbers you had in your confetti. It was done for those reasons, that there was a traceability perspective at that time. I don't quite understand the direction you would go with regard to a traceability system for crops and how far you could expand that. Maybe you could elaborate on that a bit.

**Mr. Hayden:** I'll certainly try to. The traceability that you talked about with the numbered confetti, of course, predates me by quite a bit.

9:10

**Mr. Mitzel:** Yeah. My grandpa told me about it, too. That's right.

**Mr. Hayden:** Yes. I remember getting my dad to boost me up on the boards to watch you play hockey.

Traceability. DNA tagging is one of the ways that traceability can be done with respect to crops. That would of course replace the grain confetti. The traceability possibilities I talked about a little earlier, too. We live in probably one of the most pristine environments that there is in the world today. Buyers around the world do specifically want to deal with areas where they have predictable quality and understand the environment from which their commodity comes, so there could be advantages for us there with respect to traceability. We're seeing already in some of the commodity items that people specifically want things out of Alberta.

**Mr. Mitzel:** Yeah. Just further to that point and why I asked the question is because even when, say, the grain companies call for a certain variety of grain – and you're talking about DNA matching with a particular farm or particular variety – if it's all the same grade and the same type, it all goes into one big bin. It could come from a hundred different farmers. From there it's blended to the demands of the customer, and then it's shipped out. I suppose that technologically anything is possible now, but it would kind of make things just a little more difficult.

**Mr. Hayden:** Yeah, it would. We're talking about pretty specific markets here.

**Mr. Mitzel:** Yeah. Okay. I was being more general.

I'll switch over to goal 2, the environmental stewardship. This one was of interest to me as well. I'm talking about the carbon sequestration. After the regulation with regard to reducing greenhouse gas emissions from large emitters, the market, if you want to call it that, or the possibility opened up for farmers to actually get credit for carbon sequestration for the crops that they grow. The aggregators that are around the province certainly have done a good job of pooling carbon credits, if you want to call it that, from groups of producers in order to be able to have that type of credit available to the industry, the large emitters.

You know, first off, it's recognized that it is an opportunity, and most of the grain farmers are taking advantage of this. But how much could a farmer earn from this carbon market? Right now I guess the carbon is pegged at \$15 a tonne. There's some complicated formula as to how much each type of grain will actually sequester and the types of sequester. You'd be speculating, but is that carbon price ever going to go up? I think that there are quite a few farmers – in fact, there was one last week that asked me whether it was time now that he should consider this. He'd been advised not to do this when they first came out because things weren't controlled very well.

**Mr. Hayden:** I think the best way to describe what's going on is that the price for carbon is a great deal higher in the European Union and in the United Kingdom. The programs, I believe, available are better than what we have available to us here in Canada. I think we've got a lot of improvement to do. I think we've just barely scratched the surface on what's available to us with respect to environmental actions being recognized and being recognized in a financial manner.

We've done some very good things in this province. Zero till, as an example, has been a very responsible way to look at the environment and reduce the amount of drifting and soil degradation. It has its benefits. We, I believe, still have a lot of marginal land in Alberta that could be put back to permanent cover and could sequester carbon.

I believe that producers should be compensated for that because they are good stewards of the land. I think that they need to be compensated properly to recognize the benefit that they bring to the rest of the people within Alberta and within the country, for that matter. Agriculture producers are probably the largest group of environmentalists that we have in the province of Alberta. They're the reason that we have a pristine environment to protect. They've been protecting it for generations, and I think they need to be recognized for that.

**Mr. Mitzel:** Thank you, Mr. Chairman. That's all. Thank you very much.

**The Chair:** Thank you very much, Mr. Minister. I couldn't agree with you more that farmers are probably the biggest group of environmentalists. You know, we've seen some people sitting around here tonight that say they weren't farmers, but I say that if you eat or if you wear something that's made from natural fibres, you're involved in agriculture.

Further questions? Go ahead, please.

**Mr. Doerksen:** Thank you, Mr. Chairman. If you'll indulge me for a few more minutes, Minister, I appreciate the opportunity to ask some questions. I've got three sons and live in a community where there are a lot of young producers, which isn't the case in many communities; however, it's a positive thing. I know that there are some initiatives under way to address that issue in agriculture in

Alberta, but I wonder, Minister: what are the programs that you've got under way that are focused particularly to ensuring that young people who have an interest and a desire to get into agriculture have the opportunity to do that?

**Mr. Hayden:** We do provide a program, low interest rate loans, for young farmers to get into the industry. There's support there. We also have intergenerational transfer options within families so that the penalty on those transfers doesn't happen, capital gains or the transfer of wealth like it would with any other industry. Those are a couple of probably the most important ones that are out there: access at a subsidized rate to funding to get started as a young farmer, specific to young farmers, new farmers, and the assistance for the intergeneration or generational transfers of agriculture operations. Those are a couple of the main ones. Since 2006 we've loaned over \$500 million to new farmers.

**Mr. Doerksen:** That's encouraging. This is more of an idea but maybe something you'd comment on because I think the costs of land, as you indicated earlier, are extremely prohibitive in this province in terms of recovering the capital input from productive value in agriculture – that's always a challenge – and is one of the barriers to young people getting involved in agriculture and, really, probably a driving force in the fact that most anyone who gets involved has got to have a connection somewhere that's pretty strong.

Are there any other things that are being looked at? I appreciate the answers that you've given because those are good ones, but I guess I wonder if there are some other things that we should be looking at in terms of intergenerational transfer and the opportunity within the market to try to find some ways to encourage people, to provide some benefits for young producers. I don't mean a heavily social program but some kind of tax incentive. Are those things being looked at? Have they been looked at? I'm not suggesting that the answer will be yes or no to that, but it's more in terms of an idea, something that we should maybe be looking at.

**Mr. Hayden:** The tax incentives – I will take that as an idea from you because I think that it has got possibilities. I think it's an area that we can probably talk about to our colleagues from the other parts of our country. I think that would be something that we would need to do nationally. The same problem exists with young farmers all the way across our nation; it's not specific to here in Alberta. I think the opening of new markets and new marketing possibilities is an area where we can get more involved. Really young farmers out there have been taking this one on themselves.

I had an opportunity to meet with a group down in the Medicine Hat area. They call themselves young farmers although they're getting a little longer in the tooth now. They worked together to develop new markets and to diversify and did some amazing things. There is a group over in the chairman's area, Lacombe, of young farm families that are working on marketing opportunities globally and working on producing for specific markets. I think in many ways young people that are out there in the industry are actually leading us, in a way, and I think that we can be of more assistance in that area.

With respect to the taxation possibilities and advantages, I'll take that suggestion back to my department people, and we'll talk about it and see what kind of possibilities there are. If you can give me more information on what you have in mind, that would be helpful.

9:20

**Mr. Doerksen:** Sure. Thank you, Minister.

**Mr. Hayden:** Not tonight.

**Mr. Doerksen:** Have you got a few more minutes yet?

**Mr. Hayden:** Absolutely.

**Mr. Doerksen:** Another question with regard to AFSC. Certainly, the budget that you have highlights the important role that AFSC plays and the very successful crop insurance focus that is around AFSC as well as the lending aspect of it. I also know that from a number of producers at times there are concerns about the nimbleness in terms of having money tied up a little too long or some of the audit procedures. If I get outside of our area of focus tonight, I don't do that intentionally. Tell me, and we can deal with this another time. Is there anything being done to ensure that AFSC stays nimble with regard to responding to producers' needs and helping producers reduce costs? One of the things that we know adds costs is tying up capital or operating funds and that kind of thing.

**Mr. Hayden:** I'd like to be able to say that they're moving on that right now at the direction of the minister, but the fact is that AFSC on their own want to move more quickly and more nimbly and make the programs more responsive to the people that we serve. I think that some of the conversation that you're probably hearing this year has to do with a phenomenal workload. When we take a look at the past year of operation and the programs that are managed by AFSC, the number of adjusters and inspections that took place last year due to the drought situation, I don't think it would be possible to paint a more difficult situation than we faced as a province last year in the agriculture sector. I think that all of the people that are working on behalf of Alberta's primary producers were stretched to the max last year. I think in a more normal year, shall I say, some of the pressures would have been less, and we would have been able to respond more quickly. When it rains when it's supposed to and the prices are what they should be, it's interesting how there are no phones ringing.

**Mr. Doerksen:** That's true. Thank you, Minister, for your interaction this evening and the answers you've given. I appreciate that and wish you well on your continued efforts on behalf of agriculture producers and all of us.

**Mr. Hayden:** Thank you very much.

**The Chair:** Any further questions?

If there are no further questions, I want to thank the minister and all your staff and all other staff for contributing to a very good discussion tonight. I would say that if there are no questions, then our time for this estimate is concluded.

I want to remind everyone that we are scheduled to meet again on Tuesday, March 16, to consider the estimates of the Department of Environment.

I'm not sure, Minister, if you agreed to present any answers in written form. If you have, that would be done through the clerk for all members. I'm not sure. You'll have to go back and see.

If there is nothing else for the good of this meeting, then pursuant to Standing Order 59.01(2)(a) the meeting is adjourned.

[The committee adjourned at 9:24 p.m.]



