



Legislative Assembly of Alberta

The 30th Legislature
Fourth Session

Standing Committee
on
Resource Stewardship

Ministry of Agriculture and Irrigation
Consideration of Main Estimates

Wednesday, March 8, 2023
3:30 p.m.

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The 30th Legislature
Fourth Session**

Standing Committee on Resource Stewardship

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Feehan, Richard, Edmonton-Rutherford (NDP), Deputy Chair
Bilous, Deron, Edmonton-Beverly-Clareview (NDP),* Acting Deputy Chair

Aheer, Leela Sharon, Chestermere-Strathmore (UC)
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Sigurdson, R.J., Highwood (UC)
Singh, Peter, Calgary-East (UC)
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* substitution for Richard Feehan

Also in Attendance

Sweet, Heather, Edmonton-Manning (NDP)
van Dijken, Glenn, Athabasca-Barrhead-Westlock (UC)

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Standing Committee on Resource Stewardship

Participants

Ministry of Agriculture and Irrigation

Hon. Nate S. Horner, Minister

John Conrad, Assistant Deputy Minister, Primary Agriculture

Darell Dancause, Assistant Deputy Minister and Senior Financial Officer, Financial Services

Agriculture Financial Services Corporation

Darryl Kay, Chief Executive Officer

3:30 p.m.

Wednesday, March 8, 2023

[Mr. Hanson in the chair]

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

The Chair: I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Agriculture and Irrigation for the fiscal year ending March 31, 2024.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials who are joining you at the table when we get to you. My name is David Hanson. I'm the MLA for Bonnyville-Cold Lake-St. Paul and chair of this committee. We'll begin, starting on my right.

Mr. Bilous: Good afternoon. Deron Bilous, MLA, Edmonton-Beverly-Clareview.

Mr. Getson: Good afternoon, everyone. Shane Getson, MLA for Lac Ste. Anne-Parkland.

Mr. Orr: Hello. Ron Orr, MLA for Lacombe-Ponoka.

Mr. Turton: Good afternoon, everyone. Searle Turton, MLA for Spruce Grove-Stony Plain.

Mr. Sigurdson: Good afternoon. R.J. Sigurdson for Highwood.

Mr. Singh: Good afternoon, everyone. Peter Singh, MLA, Calgary-East.

Mr. Horner: Good afternoon. Minister of agriculture, Nate Horner. At the table with me to my left I have Darryl Kay, the CEO of AFSC; right beside me here to my left I have Jason Hale, the Deputy Minister of Agriculture and Irrigation; to my right I have Darrell Dancause, assistant deputy minister, financial services, and senior financial officer; and to his right John Conrad, assistant deputy minister of primary agriculture.

Ms Sweet: Good afternoon. I'm Heather Sweet. I am the MLA for Edmonton-Manning.

Mr. Huffman: Warren Huffman, committee clerk.

The Chair: Now we'll go to members participating remotely. When I call your name, please introduce yourself for the record. I see Member Aheer.

Mrs. Aheer: Good afternoon. Leela Aheer, Chestermere-Strathmore.

The Chair: Thank you.

I'd like to note the following substitutions for the record: hon. Deron Bilous for hon. Richard Feehan, and Mr. Bilous is sitting as deputy chair.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are encouraged to turn on your camera while speaking and to mute your microphone when not speaking. Remote participants who wish to be placed on the speakers list are asked to e-mail or message the

committee clerk, and members in the room should signal the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. A total of three hours has been scheduled for consideration of the estimates for the Ministry of Agriculture and Irrigation. Standing Order 59.01(6) establishes the speaking rotation and speaking times. In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus. Individuals may only speak for up to 10 minutes at a time, but speaking times may be combined between the member and the minister.

After this, speaking times will follow the same rotation of the Official Opposition, independent members, and the government caucus. The member and the minister may each speak once for a maximum of five minutes, or these times may be combined, making it a 10-minute block. If members have any questions regarding speaking times or the rotation, please send an e-mail or message to the committee clerk about the process.

With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone have any opposition to taking a break? Seeing none, we will announce that shortly.

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

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

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn.

Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the speaking block time and the overall three-hour meeting clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

The vote on the estimates and amendments will occur in Committee of Supply on March 16, 2023. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

Finally, the committee should have the opportunity to hear both questions and answers without interruption during estimates debate. Debate flows through the chair at all times, including instances when speaking time is shared between a member and the minister.

I would now invite the Minister of Agriculture and Irrigation to begin with your opening remarks. You have 10 minutes, sir.

Mr. Horner: Thank you, Chair. I'm pleased to be here and to have this opportunity to introduce ministry representatives – some of them I just did, but I'm going to do it again quickly – who have

joined me here today. At the table, one more time: Jason Hale, my deputy minister; Darrell Dancause, my assistant deputy minister of financial services and senior financial officer; Darryl Kay, the chief executive officer of AFSC; and John Conrad, assistant deputy minister of primary agriculture.

I would also like to make note of the other ministry and department staff that are in attendance: Karen Wronko, assistant deputy minister, trade, investment and food safety; Sherene Khaw, communications director; Miranda Senoussi, chief of staff, deputy minister's office; Jake Kotowich, executive director, policy services, planning and innovation; Leah Sheffield, executive director, trade, investment and food safety; Steve Lappin, the CFO for AFSC. From the minister's office: Tim Schultz, my chief of staff; Mikayla Janssen, our policy adviser; Mackenzie Blyth, our press secretary; Demi Vermeer, ministerial assistant. Thank you, all, for being here.

Budget 2023 recognizes that agriculture in rural Alberta will continue to be a driving force in our economy. This budget secures Alberta's future by investing in sustainable growth, diversification, and innovation in the agriculture sector and the rural economy. With this in mind, my ministry's operating budget, including Agriculture Financial Services Corporation, or AFSC, is increasing by \$103.6 million to \$803.5 million. This will allow us to continue providing programs and services to attract investments, expand trade, and create jobs in our ag industries in rural communities.

There's also a \$10.2 million increase in new capital grant funding approved in Budget '23, which means we have a total of \$53.6 million for new and existing infrastructure projects. Our revenue is also expected to increase by \$450.5 million, with funding coming through federal transfer payments and insurance premiums on business risk management programs.

That's the big picture. Now I'm going to review some highlights and share details in key areas. Alberta's producers rely on the Agriculture Financial Services Corporation, or AFSC, for financial and risk management solutions. That's why in Budget '23 my department provides approximately an additional \$174 million to AFSC. We're making sure our farmers and ranchers will continue to have access to insurance, income stabilization, and lending programs they can depend on.

During the 2021 growing season producers experienced significant crop losses due to drought, and AFSC's business risk management programs offered much-needed financial support. The 2021 indemnity payouts were the highest in AFSC's 80-year history. By comparison, the 2022 crop yields were above the five- and 10-year averages across the province. However, even with a return to more normal yields last year, crop insurance payments have exceeded the premiums collected for the following reasons. There were fluctuations in yields due to a cool, dry spring, overall low soil moisture, and variable rainfall throughout the province. There were severe hailstorms in areas with higher value crops, resulting in higher payouts, and rising commodity prices between spring and fall 2022 triggered the variable price benefit and contributed to insurance losses.

Since the spring of 2021 crop prices have escalated by 57 per cent. Rising commodity prices have had a significant impact on premiums, resulting in high coverage amounts on high-value crops, which means AFSC insurance has kept pace to make sure Alberta's producers have peace of mind no matter what Mother Nature throws at them.

Over the past two years total insured crop coverage across Alberta has increased from approximately \$4.8 billion to almost \$10 billion. Needless to say, this has impacted premiums. While premiums are increasing, rate stability is important to producers and to our government. There are caps in place to limit year-over-year increases

and help maintain program predictability and affordability, including a 10 per cent premium rate cap.

AFSC forecasts premiums in the fall for the next crop year. Then the actual insurance price is set in February according to the commodity prices at the time. As a result, Budget '23 premiums are forecast on fall 2022 commodity prices. The 2023 premiums reflect the impacts from the drought in 2021 and the fact that more producers are participating in AFSC insurance programs.

3:40

Considering this, we made sure AFSC's budget included a \$61.4 million increase to ensure producers have an affordable and sustainable insurance program, so when the next drought or massive hailstorm strikes, there will be appropriate funding to support Alberta's producers during challenging times.

In Budget '23 we're boosting Alberta's advantage through a new agriprocessing investment tax credit. Our goal is to have the most effective tool kit to attract large-scale investments and grow our agrifood industry. To be eligible, corporations must make a minimum capital investment of \$10 million in value-added agriprocessing in this province. If requirements are met, they will receive a 12 per cent nonrefundable tax credit. Creating the right conditions for the agrifood sector to do business in Alberta promotes investment and allows us to compete globally.

My ministry is also key in the government's priority on rural economic development. To keep the momentum going and provide rural Albertans with more economic opportunities where they live, Budget '23 allocates \$4.6 million in new funding from Agriculture and Irrigation to implement the economic development in rural Alberta plan, that we announced late last year. The plan spans five years and focuses on improving infrastructure, building capacity, and supporting labour force development, entrepreneurship, marketing, and tourism in rural Alberta.

This year we're also moving forward with the new five-year sustainable Canadian agricultural partnership, or SCAP. This is a \$2.5 billion, cost-shared, federal-provincial-territorial agreement to support the ag sector's continued growth, innovation, and prosperity. As for Alberta's share of the funding, Budget '23 provides \$58.5 million for the first year of SCAP. This investment includes an additional \$5 million to develop and implement the resilient agricultural landscape program, otherwise known as RALP, to support carbon sequestration, adaptation, and other environmental co-benefits.

At this point I'd like to also highlight our ongoing commitment to improve Alberta's irrigation infrastructure. We know how essential the irrigation network is for farmers, ranchers, food processors, and communities. It provides much-needed water for ag production, and it helps create good jobs and recreational activities for Albertans to enjoy. Budget '23 allocates \$49.9 million, an increase of \$6.7 million from last year, to continue expanding and modernizing the irrigation network.

When it comes to managing and maintaining provincial water management infrastructure, we are taking a whole-of-government approach so that the ag industry, municipalities, and industrial users have a safe, reliable water supply. Budget '23 maintains \$20.8 million for my department to operate Alberta's water management infrastructure. It also provides \$5 million in capital funding to assess the feasibility of building the Eyremore dam and reservoir on the Bow River to improve water management in the South Saskatchewan River basin.

Now I'd like to highlight our ongoing support for agricultural societies. We understand that rising costs have put pressure on their volunteer-driven organizations. Budget '23 maintains \$11.5 million in stable funding for the agricultural societies grant program.

Budget '23 also provides an additional \$2.5 million in new capital grant funding to support ag societies in maintaining, upgrading, and renovating facilities they operate.

We also recognize that rising costs, emerging pests, and increased workloads have put pressure on agricultural service boards, or ASBs. We appreciate that ASBs are key partners in pest and weed surveillance, helping to maintain assurance and market access for our ag products. Budget '23 supports the important work they do by providing \$11.9 million, which is a \$3 million increase.

One final highlight from Budget '23 is our ongoing funding of RDAR, or Results Driven Agriculture Research. To enhance our \$37 million annual commitment, Budget '23 allocates \$1.5 million more each year, to a total of \$38.5 million between now and 2026, to provide more stable resources for our agriculture research associations. This funding will help ensure ag research reflects what farmers are facing in the fields while the ag industry gets the most for its investments.

In summary, Budget '23 will secure the province's future by driving sustainable economic development and diversification in the ag sector in rural Alberta. Our economy has momentum, and this budget will ensure Alberta continues to be the economic engine of Canada.

Thank you, Mr. Chair.

The Chair: Thank you, Minister.

I'd just like to take this opportunity to welcome MLA van Dijken and MLA Issik to the committee room.

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you'll be able to see the timer for the speaking block both in the committee room and on Microsoft Teams. Members, would you like to combine your time with the minister if the minister is in agreement?

Ms Sweet: It's up to the minister.

Mr. Horner: I'm fine with going back and forth if that's the will there.

Ms Sweet: Great. Let's do that.

The Chair: Member Sweet.

Ms Sweet: Thank you, Mr. Chair. Just before I start, I do want to thank the ministry for the lovely note that they put out today recognizing that there are 18,500 female farm operators in Alberta and that 32 per cent of the farming population is women. On International Women's Day it's nice to see the ministry recognizing all of the great women that are working in the sector.

Let's just get the AFSC stuff out of the way, and then we can talk about some fun stuff. I recognize that it's been a couple of days of trying to clarify communication, and I think this is the best way that we can do that. Minister, do you want to walk through the liability, the crop insurance program as it sits today? Let's start there and then kind of work our way back as to why it is that it's going the way that it's going.

Mr. Horner: Yeah. Happy to walk through that. I'm assuming, when you say liability, that you're talking about the fund itself?

Ms Sweet: The fund itself, whatever the percentage our producers will have to pay back over time.

Mr. Horner: Okay. I will give you my very best answer, and if it's not good enough, I will lean on Mr. Kay to supplement. Overall in

the program – and I think where the confusion started with the fiscal plan was that it was speaking about a premium increase that was an aggregate over two years. The majority of that increase occurred last year. So where we sit now, we're expecting – and this is still a budgeted estimate, an average – premium increases of 22 per cent. That is accurate.

Do you want me to go through the formula or talk about the fund?

Ms Sweet: Well, I think the confusion is – and I think this is where it comes from, right? – that the way that the budget currently reads is, first, we have what it reads on the fiscal plan, which is \$99 million that needs to be recuperated. As it says in the fiscal plan, "the agriculture insurance premium rates increasing 60% to raise the crop insurance fund balance back to level recommended" for the actuals. And then we see the breakdown of the numbers of the estimates, which – again, I think the confusion is that if we look at the formula, it still is a significant increase. It's a 60 per cent increase either way.

Mr. Horner: No.

Ms Sweet: Okay. Then walk me through. How come I'm wrong?

Mr. Horner: Okay. I'll lean on Mr. Kay to help me if I need this. The 60 per cent increase: so the comparison that was given in the fiscal plan – and I don't have the fiscal plan.

Ms Sweet: Sorry. It's page 70 of the fiscal plan. It's the lovely little box on the side.

Mr. Horner: Yeah. The increase reference related to the 2022 budgeted premium compared to the 2023 budgeted premium and missed the fact that the change from the actual premium collected in 2022 is 22 per cent. Is that . . .

Ms Sweet: That's not how it reads, though, which is the problem, right? Like, if you read – and this is where the confusion comes. That's not how it reads. What it reads is that "the increase in 2023-24 is due mainly to: \$99 million for a 60% [increase] in agriculture insurance premium rates necessary to replenish the crop insurance fund depleted by sizeable withdrawals for indemnity payments in 2021-22 and 2022-23."

Mr. Horner: I'm happy to let Darryl supplement. Go ahead.

Mr. Kay: Sure. Thank you for the question. Thank you, Minister. Really, what we're talking about are budget-over-budget comparisons. I think it's important to remember that when we prepare a budget, it's often in August, September for the following crop year. We have limited information. We are trying to predict future prices, future rates. We're trying to predict how the crop year will finish. What happened when we prepared the previous budget is that commodity prices jumped significantly by the time when we prepared the budget and compared to the actual premiums we set in the following spring. So if you look at a budget-over-budget comparison, you'll see that 60 per cent increase.

Really, what actually happened for producers is something different. When we went into the 2022 crop year, they saw much of that increase in that first year. What they're going to see as they move into this next crop year is more in that 20-22 per cent range, and that's the actual premium that they will see. It's obviously very dependent on a producer – what crop mix they go with; it'll depend on their individual experience – but it's going to be much lower than that 60 per cent. We expect it to be in that 20 to 22 per cent range for an average producer.

3:50

Ms Sweet: Okay. So just to clarify, though, the budget, then – initially when it was drafted, the budget thought it could be as high as 60, but now that we’ve looked at the commodity and we’ve done the evaluations, it’s going to be 22?

Mr. Kay: The budget – really, the issue is around last year’s budget number. It was set too low, because the commodity prices moved . . .

Ms Sweet: Because of the commodity – sure.

Mr. Kay: . . . so really, if you look even in the business plan, you’ll see an increase in the contingency for this year that picked up that difference. So producers, again, are going to see a 22 per cent increase. The challenge is the timing around when we prepare budget. We’re trying to predict future commodity prices and premiums.

Ms Sweet: So then, I guess, just because – and I appreciate that that gets a little bit confusing. The variable rate of the commodity jumped significantly halfway through the year, so I appreciate that. Like, the numbers were very impressive given the dynamics that were happening at the time with Ukraine and all of the things. Then we had some impact around having to have to pay out the hail, as the minister spoke to, significant impacts around having to have to pay out the fund. Can you explain to me where we’re at right now, then, with the fund and if there’s going to be a potential increase that’s going to be required? At some point the fund has to be made whole, right? I mean, that was why it was so flush in 2021.

So I’m just curious as to where, from a projection perspective, removing the commodity pricing – because we get that that is going to happen. There are still variables that are stagnant, which is that there’s an amount of money in the fund, and then that fund has to be paid out if insurance has to be paid out. So what does AFSC consider to be a good number to feel like we’re going to be whole if we ever, like, let’s say, this spring or summer – hopefully not – have another hailstorm or something were to happen?

Mr. Horner: Yeah, no; great question. The way AFSC looks at this, the fund is considered stable if it has about one and a half times the premium pool, so we’re well below that right now. As it sits right now, we have about just under \$300 million in the fund. Last year, coming into it, we had \$600 million or in or around there. The way it’s going to get back to a stable number: it’s going to take time. The deal with the premium rate cap at 10 per cent: that is the growth driver for the fund. It’s the only growth driver in the fund, and that might not sound like enough, but that’s the beauty of having a not-for-profit insurance set-up and corporation. They’re looking at this over 25 years, so they’re willing to let it take time.

Ms Sweet: Okay. So was it \$300 million that was paid out last year in claim?

Mr. Horner: No, it was \$1.3 billion.

Ms Sweet: One point three billion was in claim . . .

Mr. Horner: Indemnity.

Ms Sweet: . . . but the fund was reduced by \$300 million, so the remainder of that was just insurance premiums that were paid into the fund. Is that correct?

Mr. Horner: Yeah.

Ms Sweet: Okay. So the hope, though, is that we’d like it to be closer to \$600 million ideally?

Mr. Horner: The overall fund?

Ms Sweet: Uh-huh.

Mr. Horner: No, we would like it at one and a half times the premium pool.

Ms Sweet: But you don’t know what the premium pool is?

Mr. Horner: Well, we could estimate. So roughly, Darryl, it would be?

Mr. Kay: One point two billion.

Mr. Horner: One point two billion.

Mr. Kay: So you’re looking at a \$1.8 billion fund balance.

Ms Sweet: You want \$1.8 billion in the fund. Okay.

So let’s go back in history a little bit just so I understand this as well. There was a significant amount in the fund in 2021. Your government decided to refund 20 per cent back, which was about equivalent to \$55 million, I believe, out of the fund . . .

Mr. Horner: Correct.

Ms Sweet: . . . creating a \$55 million liability. Has that \$55 million been made up?

Mr. Horner: I wouldn’t call it a \$55 million liability, and pardon me; I may lean on others here because I wasn’t in this chair at that time.

Ms Sweet: No, you weren’t.

Mr. Horner: I think, the way it was described to me when I asked AFSC management, when I asked those that were here, that that was also seen as an unprecedented time because the fund had four times the premium pool in it. So conversations began with the federal government about, “What should we do here?” because affordability for our farmers was still, you know, a hot topic. So when they talked to the feds, the feds had to give full approval for that to be given back because it goes back the same way it comes in.

Ms Sweet: Okay.

Mr. Horner: Yeah.

Ms Sweet: I think I might need, if it’s okay, assistance from . . .

Mr. Horner: Well, I would also just say – and these were the producer dollars that went back to the producers.

Ms Sweet: Oh, I agree. And for some it was \$10,000, and for some, depending on their operations, it varied.

I mean, I’ve had conversations with producers even about that this week – right? – because part of the concern is that in ’21, right before we were going into what ended up being a major climate change event, there were warnings provided to the government that rebating the 20 per cent at that time was probably not the best idea given the projection of: we’re going to get one of these events happening very quickly.

So if it was four times the fund in 2021, that would have been, if I look at that – if we’re saying that the fund was at about \$1 billion,

four times that would be \$4 billion. We took \$55 million out of it. Okay; 20 per cent. I don't understand – like, these numbers don't add up to me, right? I'm missing some numbers here around the fund.

Mr. Horner: The \$55 million was just the producers' portion.

Ms Sweet: Okay. So you took the whole – so did the minister at that time – and I appreciate it wasn't you. Did the minister at that time, in '21, then – so it was 22 per cent to the producer, but they also refunded the government as well? So the feds got back a percentage and so did the province?

Mr. Horner: Both governments. The money comes in the same way it goes out. It's all statutory.

Ms Sweet: So the minister of agriculture actually got money put back into his budget that way, or did it go to general revenue, then? Where did it go?

Mr. Horner: I would assume . . .

Mr. Dancause: It reduced the amount we had to fund.

Mr. Horner: Right.

Ms Sweet: Where did it go?

Mr. Horner: It reduced the amount that we had to fund.

Ms Sweet: Oh, so you robbed Peter to pay Paul, in a way. Okay; I get it. So instead of, like, for example, this year . . .

Mr. Horner: Well, I think you're looking at it wrong. If you don't mind . . .

Ms Sweet: No, that's fine. Let's keep walking through this.

Mr. Horner: Well, the partnership's the same both ways, so I think farmers appreciated the support in that year. It's a 25-year process to build the fund back. The feds, who have an amazing climate team and pricing team, were on board with it. It was a one-in-80-year event.

Ms Sweet: I mean, the decision was made by the government. I think that the part that I find really interesting around it is that – so the \$55 million dollars went back to the producer. What was the amount that went back to the government?

Mr. Horner: It would be on the 36-24-40 composition: so 36 per cent to the feds, 24 to the province, and 40 for the producer.

Ms Sweet: Sorry; 36 . . .

Mr. Horner: But it also had – I should mention that the benefits of going that route to the producer was the amount of new uptake we had right before the one-in-80-year event.

Ms Sweet: No, no, no. I think that part is great. What I'm trying to establish, though, is that – so a percentage went back to the province in 2021, which, basically, they didn't necessarily have to pay, or they used that money to pay into the fund to protect the upcoming year, no different than what you're saying right now that you're investing – sorry; I took notes while you were speaking. Sixty – what were you saying? So \$61 million is what the province is putting into the fund this year, and then you're also collecting, on top of that, what you suspect is going to be closer to \$99 million,

that's on premiums from the farmers. So the \$61 million is the province's portion?

Mr. Horner: The \$61 million is the province's portion. Like, if you've got a line item, I'll help you here.

Ms Sweet: No, this is what you said in your notes when you were speaking, when you started your speech. Your opening comments, Minister.

Mr. Horner: Oh, yeah; \$61 million additional; \$368 million.

Ms Sweet: Three hundred and sixty-eight million you're putting in.

Mr. Horner: That was the grant from the department if you look at page 40, line 5.1, under insurance.

Ms Sweet: So you're adding an additional \$61 million?

Mr. Horner: Yeah.

Ms Sweet: Okay. Does that that equate what was rebated in '21?

Mr. Horner: That's more than \$55 million.

Ms Sweet: Well, \$55 million is what went back to the producer.

Mr. Kay: It would be coincidental.

Ms Sweet: It would be very coincidental. Fair enough. Okay; I was just curious.

Mr. Horner: I guess, no, it's good to just have this conversation. Like, yeah, \$4.1 billion has been paid out of the fund in the last two years combined: \$2.8 billion the year before last, \$1.3 billion this year.

Ms Sweet: Correct. Okay. I guess the next part of the conversation, then, is: how are we communicating and working with producers to understand that there is still a significant liability? I call it a liability because, let's say, if we have another event this summer, that fund will go into a negative if we have to pay it out, right? It doesn't have enough in the fund potentially – it could possibly go into a negative. I see that as a liability because, as you have already said, you want it to be four times that amount in the ideal world. We're not going to get there today, so how do we move forward? How do we ensure the protection of the fund while ensuring the product is available?

4:00

Mr. Horner: There's protocol in place. If the fund goes into default, the protocol behind the scenes is that it becomes a 75-25 funding model between the federal government and the province.

Ms Sweet: Okay. So it's kind of like they back it up like a BRM. Gotcha.

Mr. Orr: Reinsurance.

Ms Sweet: It's not a reinsurance, though.

An Hon. Member: Close.

Ms Sweet: I don't know if you want to get into that. Anyway, it's not a reinsurance. Okay. No. That's great.

Mr. Horner: It's a government backstop.

Ms Sweet: Thank you. Yeah.

I think we figured out crop: 22 per cent is the actual to the producer. The rest is the remaining between the share of the fed and the provincial governments, for a total of 60 per cent increase overall. Can we talk about the rest of the BRMs and how our other . . .

Mr. Horner: Just to clarify, not to interrupt you, Ms Sweet, the 60 per cent is the two years; it's not the combination.

Ms Sweet: Yeah. You should really clarify that, though.

Mr. Horner: I didn't write the fiscal plan. I'm clarifying it now.

Ms Sweet: Okay. All right.

Mr. Horner: Just for colour, if you'd indulge me . . .

Ms Sweet: Yeah. Of course.

Mr. Horner: Just for an example, the 22 per cent is a budgeted average, so there will be differences across the province. But, for example, with AFSC's help here, in Westlock . . .

Maybe listen to this, Member van Dijken.

Ms Sweet: Heads up. Oh, dear.

Mr. Horner: . . . a mixed farm of 2,800 acres – and I don't know the actual composition of wheat, barley, canola. The premium before would have been \$67,000; the premium now is \$74,000, a 9.2 per cent increase. Stettler, in my riding: a 2,100-acre farm, \$47,000 to \$56,000, a 19.6 per cent increase. Strathmore: a 1,750-acre farm, \$89,000 to \$112,000, or a 26 per cent increase. The 22 is an average, but it will be different for every farmer in the different risk ratings across the province and their composition of crops.

Ms Sweet: And then the commodity.

Mr. Horner: Yeah.

Ms Sweet: And I appreciate the commodity. If we look at last year, which was the 38 per cent increase, and then the 22 per cent increase this year: 60 per cent over two years. So you've increased crop insurance by 60 per cent over the last two fiscal years.

Mr. Horner: The commodity prices have increased.

Ms Sweet: Yeah. Okay.

Mr. Horner: I don't mean to interrupt you . . .

Ms Sweet: That's okay.

Mr. Horner: . . . but it aligns very closely with the 57 per cent increase in commodity values – like, that's how close the alignment is – and participation went up by 9 per cent in acres over the last two years.

Ms Sweet: Hopefully, it continues to go up. Like, I think it's in everybody's best interests to do that.

Let's talk about the livestock sector a little bit because clearly, as we saw with crop being impacted, that had substantial impact on many of the other operations across the province, whether they had access to feed, water security, dynamics like that. Can you maybe walk me through where we're at from an insurance and support level when it comes to our cow-calf operations, our pork producers, et cetera?

Mr. Horner: Yeah. It's a great question, one I appreciate. I know the beef industry – not the entire beef industry but definitely the cow-calf subsector is widely regarded as having the least amount of relevant insurance.

One thing that we do have – and it's had limited uptake and terrible uptake last year – is the LPI, the livestock price insurance. It is currently unsubsidized. Many in the beef industry would like to see it look a lot more like crop insurance. As of right now Saskatchewan and Alberta have advocated with the feds fairly aggressively to consider that. The feds, I would say, have made this a hill to die on. They do not want to consider that. They're using trade implications and the fact that it would, in their legal team's opinion, move us from a green box to an amber box on the trade risk factors. But I think the real reason is that Ontario and Quebec have fairly substantial programs within the province that right now they're funding solely, and if the feds were to move in this direction, they know that they would have to pick up the cost of Ontario and Quebec's programming.

But I should say of note: the livestock price insurance, or LPI, is being used. The feedlot sector is being able to use it more effectively than the cow-calf. Interestingly, right now – my deputy minister was just looking at it – you can insure a 6-weight calf for October, for \$3.14 a pound at the highest premium rate, at about \$54 a head. That's \$1,884 a head for October. For those of us that were aware of the pricing last year, that would be about a \$500-a-head increase. But that's where the market is. It's at historic highs now and projected to move further.

Back to your main question: what else are we doing? A lot of the FPT conversations with the feds also centred around trying to improve AgriStability, the idea that AgriStability could be made to work for the cow-calf sector. We have made some improvements. I know you were an advocate for increasing the compensation rate from 70 to 80 per cent. We did that, so that will become active in the new SCAP program starting in April.

They're also doing quite a few things to make it more transparent, make it move more quickly. They're trying to cut some red tape. They've done a lot of stuff online to allow your accountants and financial agents to upload data online, to hopefully speed up the process. Those things are being done.

In addition to that, our team behind the scenes that does the BRM suite and the FPT negotiations, along with every other province and the feds, continues to work towards a revenue-based or margin-based insurance program. That's kind of the big dream, that something could be created that would work. I'm a little skeptical because I think that if it was easy, it would have been done, but I appreciate that the work definitely continues. I think more likely would be to change the eligibility, some of the eligible expenses in AgriStability to fit better with a cow-calf operation as opposed to a feedlot. You know, it's mostly mom-and-pop, family labour. You don't have the same level of expenses that a feedlot would use, so some of those changes: it's widely considered that they would help a lot.

Ms Sweet: Yeah. And I think I agree. The concern that I have – and I appreciate that the feedlots are set up in a way that they are – is that when we look at the cow-calf operation and we look at the cull that had to happen during the droughts, we are now rebuilding in North America. We're also potentially rebuilding in Australia, and there are definitely impacts that are happening around the rebuilding of the herd. I'm hearing from producers who are saying: "You know, it's getting to the point where it's so expensive, and I don't know if the insurance is going to cover my costs if something were to happen to me. It almost makes sense for us to go to a feedlot,

right?” Like, they’re worried that feedlots are going to take over the family operation. Those are some of their concerns.

So I guess I’m curious if there’s a strategy by the province around the cow-calf operations and if there are strategies or policies or anything. I know there was supposed to be a beef study that was going to come out, but it was supposed to be out last week. It hasn’t come out yet. Like, are there things that we’re doing to help support the local family cow-calf so that we’re not in a place where all of a sudden we’re all big feedlots? Like, there’s nothing wrong with feedlots – we need the meat – but I just want to make sure we also keep our family farms.

Mr. Horner: No. I very much appreciate this line of questioning. It’s very close to home. I’d say that we’re not rebuilding yet, but that’ll be hopeful with historic pricing, but historic pricing will help in that regard. That’s the cycle we have to get through. Yeah. The USDA cattle inventory numbers: this is the smallest the mother herd has been in the U.S. since 1962, when they had about half the population. Our numbers are very much in line with that.

Some of the things that we see will be a little hard to avoid, I would say, unless the federal government wants to change how it looks at some of its policies, I’d say, around the carbon tax specifically. There’s a desire to protect grasslands. Right now there are some, I’d say, private markets that are doing some neat things with ecological goods and services and putting a value on biodiversity and protecting the grasslands. But we’re losing – you know, I think the number I remember from this summer was, across the western provinces, about 147,000 acres a year. Some of that – that’s turned-over grass to farmland and to urban sprawl.

4:10

But I think that until you put that value on or the price of cattle comes more in line with the opportunities in farming – you know, since canola has taken off, it’s been 20 years in one direction, basically. High prices will help a lot of this. The feds are trying. I should give them some credit for the OFCAF program. The RALP program, that’s built within our SCAP funding, is also supposed to help in that regard. We don’t have all the details of it yet; we’ll have to share those in April. But things like seeding back grass, bringing back perennials: there’ll be programs to help with that.

The beef competitiveness study you mentioned was supposed to be out on the 3rd; it will now be out on the 10th, I believe. There are some things in there that can help. I’d say, namely, that it really validates our concerns around specified risk materials. If you talk to some of our processors, they will tell you. Processors that do business in both Canada and the U.S. will say that right now we’re at about a \$45 to \$80 per head, in American dollars, disadvantage on processing cattle. When you think about the number of cattle that are processed in this province alone a day – you know, our two big guys are about 4,500 and 4,000 respectively – it’s a big number.

Ms Sweet: Can you walk me through that? Why are we so much lower in Canada in comparison to the United States when it comes to that?

Mr. Horner: On processing?

Ms Sweet: Yeah.

Mr. Horner: The overall processing number?

Ms Sweet: Yeah. Like, why are Canadian producers not getting the same compensation as U.S. producers?

Mr. Horner: Well, I’m talking about the cost of the specified risk materials.

Ms Sweet: Oh, the costs.

Mr. Horner: This goes back to BSE. After we had BSE, special protocols were brought in. The risk materials are at the base of the brain, the spine.

Ms Sweet: Gotcha.

Mr. Horner: Yeah. They not only have to remove them and cut the meat beside the specified risk materials a certain way, but then they have to incinerate the actual risk materials.

Ms Sweet: Why is it still such a big difference?

Mr. Horner: Because CFIA – right now we have negligible risk status for BSE, which is the same status as the U.S. This is why our entire industry is clamouring for CFIA and the feds to take this seriously.

Ms Sweet: Gotcha. Yeah.

Mr. Horner: Also, in the beef competitiveness study the other thing that I am excited about, other than, you know, also validating our labour concerns, is the idea of a conversation around boxed beef reporting. Again, this is something that’s brought up a lot. I’m hoping it might lead to more transparency because we have such a consolidated, big two packers in the province, I guess. It would be voluntary. But the concern has always been that if one of the packers puts their numbers in and the other doesn’t, you will know what the other one is doing. That is a concern, but I think there are ways around that, so I’m glad that it’s been put in the study, a lot of the same conversations that they’re having in the United States.

Ms Sweet: Yeah. You know, I don’t disagree with you. That is, I think, one of the major issues. I appreciate that the value per head was going up. I’ve spoken to producers about how that’s happening, and then it becomes two conversations. One is that the value is going up, which means the value is going to go up throughout the whole supply chain. What does that mean for consumers, and how do we address the affordability of making sure that people still want to buy good Alberta beef? We have to keep it manageable, and the affordability has to happen. Then, of course, also just recognizing that when the dollar per head wasn’t going up, the value of the product in the grocery store still was, and why is it that it’s not the trickle-down, right? Like, why are producers not getting the value when it continuously keeps going up?

I look forward to reading the study and working with you if there are ways that I can help around: how do we get that value direct to farm, and then what do we need to do to make sure that it also stays affordable on the back end of that, right? People are worried if people aren’t going to be able to afford to buy it next year.

Mr. Horner: Sure. It’s a very complicated system. Like, with CFIA being so involved in our federally inspected plants, a lot of the control and levers aren’t really in the province’s hands, but the onus is so high on those federally inspected facilities that I would say that is a barrier to a lot of the new entrants that want to add to our hook space or our processing capacity, other than, you know, the labour challenges.

But right now, you know, with the herd size where it’s at, we’re probably in a place where we need to focus on the processing that we have, ensure that it stays here. Our feedlots are growing, which is – if you talk to some in the sector, they would say that it’s kind

of confusing, that it's not really following the market signals. But we continue to bring cattle in from the U.S. as well and feed here. You know, it's interesting that when we had to bring in all the corn by rail, we were bringing in the feed and the cattle to a colder climate to feed them. But our 73-cent dollar has a lot to do with that as well.

Ms Sweet: Fair enough. So not to ignore – I know beef is your heart, but we need to talk about pork, and we need to talk about chickens. The avian flu component we had impacted some of our production this last year. I know you did some work on that in regard to trying to get, I believe, AgriStability funding, maybe some other funding. Can you just walk us through: are we doing well in that? Have those been paid out? And then: are there any other risk factors that we need to be mitigating in the process?

Mr. Horner: Yeah. I don't think we're through avian influenza, by any means. Until B.C. caught up to us and went past us for the most affected province, we had that title for a long time, about 1.4 million birds, I believe, somewhere in there. But, yeah, we were able to advocate on behalf of Alberta affected producers, and they extended the AgriStability deadline twice, I believe. And why that's important is: if you're from that industry and you're in supply management, a program like AgriStability probably isn't something that you would normally be in. So by extending that and allowing that, I think that was a great help.

We were able to do round-tables with them through the process. CFIA's process did get a lot better on the disposal side as we went through that. But, yeah, people are expecting that this will pick up again in the spring. They have found a lot of ways around prevention, so I think they feel like they're in a safer place. But that being said, it's still getting into very secure facilities.

Ms Sweet: One of the feedbacks that I had heard – and this relates to any of our barn animals, livestock – is that AgriStability is not covering the cleaning components, like the sterilization of the barns. So it'll cover the loss but not necessarily the other expensive component, which is having to try to clean out those barns to make sure that there's no infection of it still around. Have there been any conversations around trying to see if there's an opportunity to expand that or try to figure out a way that some of that financial assistance – because that's a pretty significant cost to producers if they have to do that.

Mr. Horner: To be clear, this all flows through CFIA. So it's their regs; it's their funding. We've brought it forward where we thought that, from those round-tables, they were deficient. But, yeah, they do pay for the depopulation. We've mentioned that there are challenges in and around the value. A lot of it was coming back to the actual weight of the bird and where they were in their own life cycle to find the value. We did also ask on their behalf to look into an assessment of if all of the criteria and the values beside them were accurate, and then we asked for an assessment on an AgriRecovery program as well. That was denied, but we'll continue to make sure they hold up to their numbers, I guess.

Ms Sweet: There's currently no program, then, that really covers the requirements by CFIA when it comes to sterilization or cleanup.

4:20

Mr. Horner: They are paid for a lot of that. There were some challenges in the beginning. They had some weird rules where you had to hire it. It wasn't as easy for them to do it themselves. Then once they found that they were getting behind, I think they made some adjustments, so I think we're getting through it.

I should also say, you know, that Alberta really punched above its weight on the testing. After the floods in B.C., Abbotsford lost its lab. We were trying to pick up the slack for B.C. as well. That testing: right now it's only able to be done in Lethbridge or at the labs here in Edmonton, but as you can see in our capital plan somewhere here, there's about \$1.2 million for the U of C that'll flow through Advanced Education. That is for diagnostic lab capital. It won't immediately impact the avian influenza testing, but the idea is to create more capacity in the province.

Ms Sweet: Do we have enough techs – probably more techs than veterinarians at this point – to be able to do that?

Mr. Horner: The U of C research?

Ms Sweet: Yeah, and the lab testing.

Mr. Horner: Well, they asked for the money for the lab. I'll have to get back to you on if they know how to run it.

Ms Sweet: If it will create jobs? Okay. Fair enough.

Mr. Horner: More testing will be able to be done in the province as opposed to sending it out to Manitoba.

Ms Sweet: Sure. So we'll have the staffing capacity to be able to do that. That would be the understanding.

Mr. Horner: Oh, a hundred per cent.

Ms Sweet: Okay. Thank you, Minister.

You made a comment, actually, when we were chatting a little bit about cow-calf, around carbon and some of the initiatives that are being piloted or explored, ECC being an example of that. But also the Western Stock Growers' Association was looking at doing a carbon market, and they had piloted that, I believe, with assistance from your ministry. Is that correct? Was it funded through you?

Mr. Horner: The carbon market? I don't believe so, but I can ask here. It's through environment.

Ms Sweet: It was through environment. So we don't have any data about whether or not the market is working collectively right now. They're doing it under TIER. Is that correct?

Mr. Horner: Go to their estimates. I don't know.

Ms Sweet: Well, I can.

The reason that I'm bringing it up is that we're also seeing, you know, that one of the major input costs, obviously, was fertilizer. Some of the pricing around fertilizer has gone down, but there have been some really interesting initiatives being taken by some of the fertilizer companies in regard to creating carbon markets to try to give that value back to the local producer.

So as we move forward, I'm curious – because that is being done solely by a fertilizer company. It's not being done by the ministry. But those are initiatives that make sense that help bring down some of the input costs that many of our producers are facing, whether it comes to energy consumption, fertilizer costs, all of those sorts of things.

I'm wondering if under, you know, the SCAP program – I don't know; it's kind of weird. Well, that's what producers have said to me, so I don't know. Can you explain to me if any of those initiatives are being adopted, or could that funding be used to look at expanding the exploration around developing some of those programs?

Mr. Horner: I think it's all part of a live conversation. You know, I would say that for the producers that I speak to, I think they would rather see, if we're going to be taxed on carbon in this country, that that could be a potential revenue stream as opposed to rebating it to individuals. I think that would get away from some of the punitive impacts of the tax and rebate concerns around the energy needed for agriculture.

But I know the Simpson Centre, for example, is doing studies. RDAR gets many studies brought to it from all areas, so the research will continue. There are private markets that are doing this and finding the value, but for us, you know, it'll come down to the dollars. Like, we're competing with a \$1.3 trillion U.S. farm bill and everything else to incentivize actions on the land. It's going to take a lot of money.

Ms Sweet: Currently, then, from an input cost perspective, when it comes to supporting producers to adopt new technologies, retrofit, things like that, where are you fitting that under your programs at this point?

Mr. Horner: Under the CAP funding we have buckets of what we would call CAP grants, I guess, for, you know, efficiencies for water both for drought mitigation and efficiencies in irrigation for technology adoption. They try to find places where they think it can really make an impact and won't be watered down, so it's quite a lens to look through when you're creating that programming. But all of those buckets, although they will be tweaked a little bit, should probably see increases with this increase in the SCAP as opposed to CAP.

Ms Sweet: How many local producers are accessing those programs right now; like, small to medium, not our big value-add guys?

Mr. Horner: We could probably figure that out. I think I saw the other day that the water program had maybe 200 successful applicants, but there's \$9 million in the OFCAF program, that's being delivered through RDAR, flowing through the feds. Producers are just kind of getting into this. I know the ag research associations are going around the country showing them what can be found in this program. There is some good programming there.

Ms Sweet: Okay. So right now we're saying about 200 local.

Mr. Horner: That was just for the one bucket. I would have to get back to you on the total CAP bucket amounts.

Ms Sweet: Okay. So anything looking at – you know, one of the pieces around . . .

Mr. Horner: Pardon me. If this is quick enough for you . . .

Ms Sweet: Go ahead. Sure. Absolutely.

Mr. Horner: On the farm efficiency theme, which includes water, efficient grain handling, and farm technology programs: 4,463 applications were approved for a total of \$71 million, or 35 per cent of all approved CAP dollars; 540 grants valued at \$55.7 million were approved for the growth and value-added activities; 273 grants valued at \$51.8 million were approved for the science and research activities; and 165 grants valued at \$27 million supported activities that helped industry build public trust.

Ms Sweet: Were those mostly facilitated through RDAR?

Mr. Horner: No. The CAP grants were facilitated through Alberta agriculture.

Ms Sweet: Okay. But we don't know a breakdown of how many of those grants were actually local production or if it was more through – like, I would assume industry confidence would probably be more of a producers group than, necessarily, a local producer.

Mr. Horner: The public trust and resiliency?

Ms Sweet: Yeah.

Mr. Horner: They would probably be industry or advocacy groups, 4-H clubs, association groups.

Ms Sweet: Yeah. Okay. I mean, I think it would be nice to see some of the measurables and maybe the outcomes around some of those dollars. The reason I say that is that I recognize that the input costs are substantial. We can get into the political conversation about why we think that is, but ultimately there are strategies and policy levers that the province can take in regard to supporting local production in being able to bring some of those input costs down. Whether it looks at carbon markets, whether it looks at using grazing leases and offsets, whether it's supporting barn upgrading and HVAC systems or looking at moving from diesel to electric motors for irrigation canals, there are opportunities there that will help bring down a variety of different costs associated with the Energy file and some of the other conversations that are happening in other areas.

The supply chain issue: we can get into that later, but I would be curious. With the amount of money that's going out, I would like to see that going to local producers, right? Like, I would like to make sure that that money is actually doing the work and making sure that we are bringing down those input costs. I mean, I would like to see that as part of the outcome measurements because I've looked at the outcomes, and I think the tools are there. It's just whether or not they're specific enough to say that it's going to actual, like, local production.

Mr. Horner: If you don't mind me jumping in . . .

Ms Sweet: No. Of course.

Mr. Horner: . . . if we're looking at the program types under SCAP, we have the on-farm value-added piece that's targeted for primary producers. We have the value-added piece, which is value-added agriculture; emerging opportunities, which is value-added agriculture; and we're going to have even more of a surgical look at value-added agriculture now with bringing in the credit, or when we bring in the credit, because this will be a big piece for those value-added opportunities that are under the credit threshold.

The efficient grain handling is primary producers. The farm technology is primary producers. The water bucket is for primary producers. Accelerating agricultural innovation is sector-wide. And then the RALP program that's coming in will be primary producers.

4:30

The lens that they look through to get us here is: where was the most bang for the buck? The efficient grain handling: they thought it had a lot of societal benefits to move that way. The water efficiency, specifically with the irrigation dreams of the province: we can go a long way and save a lot of water by moving to low-pressure systems. We're going to put, I'd say, a heightened awareness around the water bucket this time around for wells and drought mitigation, considering what we went through in 2021.

Ms Sweet: Right. Okay. Let's talk about the tax credit. I think it's something that I strongly recommend. It is written in my paper.

Mr. Horner: Thank you.

Ms Sweet: Yeah. It's one thing we agree on. Well, we agree on lots of things. But the concern about the tax credit – because, again, I spent a lot of time also writing our value-added paper.

Mr. Horner: I haven't read yours.

Ms Sweet: Well, that's too bad. I know I gave it to your ministry to read.

Anyway, a lot of the comparisons are between Saskatchewan. You know, they were able to get crushing plants and many things in Saskatchewan at a much quicker level. Part of that has to do with red tape reduction, but the big part about that is that their thresholds are very different than the threshold you've set. Under your government right now it's a threshold of \$10 million for 12 per cent, correct? Yeah. Small and medium-sized ag producers are saying that's extremely high to be able to access, and they're curious about if there's going to be an amendment or any type of opportunity fund under this tax credit for smaller to medium-sized, like, agrifood people or looking at agritourism opportunities, those sorts of things, because they won't be able to get to the \$10 million threshold to be able to access this 12 per cent. Now the other thing that's been asked of me is that in Saskatchewan they have it as a level, so it's a 12 per cent, 15 per cent, and then 40 per cent tax credit. It's a \$10 million threshold for 12; it's a \$400 million for 15, and then \$600 million for 40.

Mr. Horner: If I could interrupt you, I think it's even more substantial than that. In Saskatchewan they doubled down in the spring. It's 15 per cent to \$400 million, it's 30 per cent from \$400 million to \$600 million, and it's 40 per cent over \$600 million.

Ms Sweet: Okay. I missed one.

Mr. Horner: Well, now that I'm talking, because we're going back and forth, on the comments around the threshold I would just say that for Saskatchewan it's a \$10 million threshold. That was a large consideration in how we picked ours. Their threshold is \$10 million in eligible expense. Ours is \$10 million in a capital investment. It doesn't have to be \$10 million in eligible expense. So that does help a little bit. If a project in Alberta is at 10 and a half million dollars' capital but it's only, say, at \$8 million in eligible expense, it still fits where it wouldn't in Saskatchewan, so it's a little more flexible at that level.

I would just say that we are confident that by keeping that level and using in a more focused way some of the other investment tools we have, like the emerging opportunities grants that are under CAP and the investment and growth fund that used to be under Jobs, Economy and Northern Development but now is under Trade, Immigration and Multiculturalism, we think that those programs will get more of that business, and they're stackable. I know that about two years ago, when the investment and growth fund was rolled out, it was all ag-related investments that were able to land those. A lot of it was, you know, vertical farming and the like around the province. So we are confident, but it's something we will watch. If something's slipping through the cracks, then an adjustment can be made down the road, but we think that those other two tools can fill in the gaps for those smaller operations.

Ms Sweet: Thank you, Minister.

I'm actually going to see if my Member for Edmonton-Beverly-Clareview wants to clarify some of those because he knows that file quite well, actually.

The Chair: Go ahead, Mr. Bilous.

Mr. Bilous: Yeah. Great. Thanks. I appreciate that. Minister, Saskatchewan has got the scale where it scales up for the larger projects. I'm just curious: did you feel that we didn't need that for the larger projects or that they weren't kicking tires here, or is this more of a trial to start with the 12 per cent? I mean, I appreciate your explanation of eligible expenses versus just the overall capital investment – I appreciate that – but why not a growth or a sliding scale as well for the size of an investment?

Mr. Horner: No; it's a good question, and it is something we definitely looked at. I thought, you know, if you want to go into this aggressively, we should go into it aggressively. We've been through this with Treasury Board for over a year. We did our analysis; Treasury Board did theirs. Because of our flat tax rate they didn't think it was necessary, and the analysis that they did on Saskatchewan's credit, a lot of that – that 40 per cent sounds quite large, obviously – I'd say is somewhat of a bluff. It takes an extremely profitable company to be able to recoup all of those credits in a 10-year window. We have the same window that they do. We're confident that the 12 per cent is a winner for us, not even just levelling the playing field. We think it's a winner when you consider all of our other broad advantages, from no sales tax to lower corporate tax, when you do the math.

If you'd indulge me, I would also just say that by Treasury Board officials' math, they believe that this 11.8 per cent return on investment, even in the early days, when all the numbers are baked in – and they believe that it'll bring in about 35 per cent, or between 30 and 40 per cent, in incremental investment. Those are the assumptions that are baked into the ROI and the repayment.

Mr. Bilous: Yeah. Great. Thanks. I mean, we support it. Again, Heather talked about how, you know, she brought that forward to our caucus. That's something that – hindsight is 20/20 – I wish we would have been able to bring in years ago just to really take advantage of the opportunities that we have, and I think value-add ag is a significant one, so I appreciate that.

I probably will come back, too, because I do want to talk about the trade side, which is what I'm very fascinated with. But before I jump over there, I'm assuming that your ministry works with, or hopefully works together with, entities like Alberta Innovates, which I get is in a different ministry, but I know that agriculture and ag tech is a priority of theirs as well. I mean, are there joint either partnerships or programs or ways that the ministry of ag collaborates with Alberta Innovates?

Mr. Horner: Well, I know we're always in conversations with Alberta Innovates. They'll bring me in and want to show me what they think is applicable to our file, but most of it is, honestly, through RDAR, probably. You know, RDAR is our vehicle to get into that agency.

Mr. Bilous: Okay. Let's just spend a couple of minutes and talk about trade. In your business plan it's in 1.1; in your ministry budget it's about 3.1. I'm just curious. When I look at the numbers, it looks like your export and investment, 3.1, has gone down. The real number, or the actuals, was \$5.7 million this past year, and you've got it budgeted for \$5.3 million. Just curious why that number has shrunk. Now, I will say, Minister, that it's an increase from what

was budgeted last year, but the actuals were higher. Just curious why you landed.

Mr. Horner: We're on page 40, line 3.1; does that jibe?

Mr. Bilous: Correct.

Mr. Horner: Yeah. It's a \$1.1 million increase from budget. That's for the administration of the tax credit almost entirely. It's a \$1 million increase for the agrifood manufacturing and agriprocessing incentive program. The other \$100,000 is for public-sector compensation, collective bargaining, inflationary pressures. The \$400,000 decrease from forecast: a 1 and a half million dollar decrease in one-time transfer following the government reorg with Forestry, Parks and Tourism. And \$100,000 to address public-sector compensation agreements, inflationary pressures and the \$1 million ongoing for the tax credit administration.

4:40

Mr. Bilous: Okay. Yeah. Thanks for that clarification. The ministry of agriculture used to pay for in-market experts in some of our international offices, and I'm just curious if you have any boots on the ground that are either – right, you're not forestry anymore – ag experts that are in – you know, we used to have them in China, and I don't know if we still do.

Mr. Horner: Yeah. I can get you a line item, but we just added agricultural staff in Singapore and Düsseldorf. There has been kind of a consolidation of the international offices, but we still do have ag-specific staff in priority locations, I would say: Tokyo, Beijing, Seoul, New Delhi, Mexico City, Minneapolis.

Mr. Bilous: Okay. And those are funded out of the ag ministry, not out of trade or Executive Council now. It's split between three ministries.

Mr. Horner: Actually, just wait a sec. It's under Intergovernmental Relations.

Mr. Bilous: Oh, it is. Okay.

Mr. Horner: Yeah.

Mr. Bilous: Funded by that. Okay. So are there any dollars of support for ag experts in our international offices that come out of your budget?

Mr. Horner: Not as currently. No.

Mr. Bilous: Okay. So when you – okay with that. Yeah. That's interesting.

Are there any programs other than leveraging, for example, the export expansion program that's in the ministry of trade? Do you have any programs to support any of our ag producers accessing new markets? Like, are there any targeted programs or supports that come from your ministry?

Mr. Horner: Well, a lot of it is through the industry groups. We are working with the industry groups to set targets, find new markets, you know, that whole networking piece, but I'd say it's largely through them.

Mr. Bilous: Okay. And then on the investment attraction piece can you comment on the work that your department is doing with an entity like Invest Alberta that is obviously in-market looking at investment attraction? But when we're looking at attracting dollars

into our ag sector and especially for value-add processing, what's the relationship like?

Mr. Horner: Well, I'd say in the early days Invest Alberta definitely leaned a lot on our department. You know, there's a lot of institutional knowledge, and we have a lot of investment-specific staff; still do, and still do a great job. Like I say, we usually have well over 100, 150 different deals on the deal tracker that the team is working through, and it has to be kind of an all-hands-on-deck concierge service. So they work closely with Invest Alberta, earlier through JEI but now under TIM, or Trade, Immigration and Multiculturalism. They're trying to communicate back and forth, find what incentive pieces will work and fit. Yeah. I think the communication is pretty seamless.

On our export development we have helped facilitate. You know, 352 representatives of Alberta companies participated in 117 international ministry-led development initiatives to support market readiness of Alberta agriculture and food companies, develop new markets, or advocate on behalf of the sector; 71 participants reported business connections and leads with international buyers due to these initiatives. So there are some measurables and outcomes that come from it.

Mr. Bilous: And do you – I'm in my last line of questioning on this. That's great that you're working with the other departments crossministry and then also entities like Invest Alberta. Do you directly work with any of the regional economic development agencies that also do work in the investment attraction space? I mean, my brain – and forgive me – goes to Calgary Economic Development and Edmonton Global, but recognizing, you know, that there are many EDAs, economic development agencies, province-wide, especially in rural Alberta.

Mr. Horner: Yeah. Well, I know we've had a lot of conversations to try to make sure that that relationship was strong between Invest Alberta and the REDAs, and there is funding in this budget for the REDAs. It's part of the \$4.6 million for the EDRAP rollout. I think \$900,000 of that was for the REDA top-up. Even though they're not under our ministry, that was part of the rural economic development plan before all of the reorg. I think – yeah, we continue to have those conversations. Pardon me; \$825,000, not \$900,000, for the REDAs. We facilitate where we can even though it's not in our shop.

Mr. Bilous: Yeah. No. That's great.

Mr. Horner: And I should say that that was one of the complaints we heard about Invest Alberta.

The Chair: Sorry to interrupt, Minister.

Thank you, everybody, for the very interesting conversation we've had so far. We'll now move on to the government caucus for 20 minutes of questions from the members. Would you like to combine your time with the minister?

Mr. Sigurdson: Yes, please.

The Chair: And then following that 20 minutes, we'll take a quick break.

Go ahead, sir.

Mr. Sigurdson: Thank you, Chair, and thank you, Minister. Just before I get started, I just want to acknowledge all the hard work that you've done on this file. I think it's really incredibly important to continue to build on agriculture, which is a very important part of our economy here in Alberta.

Even this year I had the opportunity of being on PNWER to attend – they had their summit here in Calgary, and what I thought that I wanted to share was that after meeting with PNWER and having a lot of our U.S. colleagues come up, food security, food stability, and food affordability were top. This was something that was really front and centre, so moving forward with your agriproduction tax credit, I think, is incredible, to bring that local production home. Really, it's a huge benefit both to the economy and affordability, ensuring that we provide that. We are in the breadbasket here, so I think a lot of people around the globe are looking to us to fill that void, to make sure that it's there and stable.

I got a few questions, kind of jumping around. I think I'll start a little bit on food inspection, which kind of builds on that food security end of it. On page 19 of your business plan you have a key objective; 3.2 states: the desire to implement programs to mitigate risks to food safety, animal and human health. When I was looking through this, on page 45 of the estimates, under the line item titled Trade, Investment and Food Inspection, I actually noticed a bit of a reduction in funding compared to the 2022-23 forecast. There's just a little bit of a reduction there. I'm just wondering if you could kind of explain what that's due to and where that's headed.

Mr. Horner: Yeah. Okay. Great question. Thank you, MLA Sigurdson. There's no decrease in the budget. I see – okay – a \$2.7 million decrease from forecast. That's what you would be referring to. So \$2.5 million of that decrease is due to funding obtained through labour and immigration's labour market development agreement with the federal government. Funds will be used to provide grants to industry to address labour challenges in the agrifood sector. Grants will be delivered by Agriculture for Life to build awareness of agrifood-related careers and support efforts to attract and retain workers in rural Alberta. But there's no decrease from budget; in fact, there's a \$2 million increase. Half of the increase is to support the implementation of the agriprocessing credit, like the previous question, and half is going toward public-sector compensation and inflationary pressures.

Mr. Sigurdson: Excellent. Thanks for that clarification. It's good to see that there is money going to build that talent pool and staff needed to be able to support the industry.

Next question. On page 18 of your business plan key objective 2.4 states the intention to optimize the utilization of the Agrivalve Processing Business Incubator to support growth and diversification in the agrifood sector. However, on page 41, line item 3.3, the 2023-24 estimate is roughly a million dollars less. So I've got just two questions related to this. Can you kind of explain how you're prioritizing the food and bioprocessing while there is a bit of a reduction in this area?

Mr. Horner: Yeah. It's a reduction not in operating but in capital, because the refurbishment capital plan is completed. There's some fractionation equipment that was installed. The operational budget has not been reduced, but this expansion is near completion. The capital budget has been reduced; therefore, it's not required in Budget '23. But, yeah, they're doing great work.

4:50

Mr. Sigurdson: Just the second question to that. I noticed that no other province has a food centre such as the one in Leduc. Do you think this is something that Alberta continues to need?

Mr. Horner: Oh, I don't actually think that's accurate. I think almost every province does. I know B.C. doesn't, but we've had it since the '80s, I believe, and I think the outcomes are pretty amazing. I know a company there recently just secured a \$50

million investment, and I think there was – forgive me. I probably have it here: developed over 78 new products and currently working with 45 industry clients, and that's just in '22-23. It's interesting. If you talk to, like, the folks at the local farmers' market and stuff that come in at that level and have a product, there's a real Death Valley to get it to where it's something that they can take to the next level. I think the incubator is great at doing that. Many, many still don't make it, but many do. I think it has a lot of value to the province.

Mr. Sigurdson: Well, excellent. Thanks for that clarification on that. It gives me a bit of background that I didn't know about the Leduc food centre, so it's great to hear the work that is happening there.

Next question, before I turn it over to one of my colleagues. On page 40 of the estimates under line 7.1, related to agrifood and agri-based industry support, there is a noticeable increase of \$11.7 million this year compared to last year's budget. I'm just wondering if you can explain what your intentions are for the \$11.7 million and kind of what your plan is and what this means for the province moving forward.

Mr. Horner: Yeah. The \$11.7 million is SCAP – that's the sustainable Canadian agricultural partnership – money, sustainable CAP. It's a 60-40 cost-shared program between the province and the feds. Yeah. The federal government has increased its contribution, so then we have to increase ours, that being 25 per cent. CAP was a \$2 billion, five-year agreement, and SCAP is a \$2.5 billion, five-year agreement, that we will roll out April 1.

Mr. Sigurdson: Can you comment maybe a little bit, with that, how this increase in funding might promote innovation and growth in agriculture for the province?

Mr. Horner: Yeah. There are all those buckets that we spoke about previously: you know, the CAP grants to help producers, the dollars to advance new technologies to become more efficient in grain handling and water use in multiple ways; even our emerging opportunities grants, that we focus on those smaller ag processing facilities that don't quite hit our threshold for the upcoming credit. A real gamut.

The big piece would be this RALP program, which was definitely the federal minister's big, big push of this new funding. We weren't going to get any new funding without this program, and half of the new funding is in this program. But, yeah, it'll see a lot of opportunities for carbon sequestration, emission reduction. It's where most of the emission reduction opportunities would be found that the feds were looking for, their 10 to 13 megatonnes or whatever their goal was, so that's where most of that lives. And, yeah, we're kind of excited to roll it out. I know the department has done a lot of work behind the scenes, and I know industry groups are very excited about what it'll mean for Alberta specifically. We did get to have our one-on-ones about building it so it works for Alberta. Every province's will look a little different, but we're excited with what it could mean for us.

Mr. Sigurdson: Well, I appreciate that. Thank you, Minister.

At this point I'll actually concede the rest of the time, the next little over 10 minutes

The Chair: We're going to be moving on to Mr. Getson, but maintaining the precedent that we've set so far this year, we'll save the last 20 seconds for Mr. Orr.

Mr. Getson: I'll try not to use them all.

I really appreciate it, Minister and my colleague from Highwood as well. Similar to PNWER, I had a chance, actually, Minister, to sit on CSG for the national conference and also for the Midwest, and there I sit on the energy subcommittee as well as Canada-U.S. relations. There was a pervasive theme, and I'm going to share it with you because, you know, those parts of the country down there can be very colourful sometimes. It was a senator from Nebraska. We were talking about what was taking place in the Midwest aquifer, and we're also talking about the Colorado River, and he summed it up very wisely and succinctly, saying that, going forward, whisky is for drinking; water is going to be for fighting over.

Minister, with that vein of thought in talking about some of the corridors in the agrifood sector, I'd like to kind of focus in, if we can, on the latter part of your ministry, which is literally irrigation. I'm not sure folks understand out there how important this is and some of the arable land assets we can actually open up down in the south. With that, sir, if you wouldn't mind just giving us an update on what you've been doing and what's included in this budget for irrigation.

Mr. Horner: Sure. Well, I'd say that the two main themes that would probably catch your eye in this budget as far as new water security measures and potential for new irrigation expansion – you're all well versed in the historic agreement that we went through, the \$933 million that'll create 230,000 new acres through efficiencies, a three-way partnership with the Canada Infrastructure Bank, with nine of our existing irrigation districts, and the GOA. That work is well under way. There are about 42 individual modernization projects of about 92 that are complete, and it will continue out through till 2028. There have been a few delays. Some supply chain challenges around IpeX pipe have been a major challenge. Even securing centre pivots from the States has been more of a challenge than normal, but that work is good and is continuing. I should also mention that they believe that will create about 7,300 direct and indirect permanent jobs and 1,400 construction jobs over the course of that construction.

But I would point to a couple of things. In this budget there's a scoping or early feasibility study for an in-stream reservoir. Your comments about what we're seeing in the southern U.S. and water security: I think that really rings home for a lot of Albertans. That's something that I think many thought would be maybe impossible in this province, but it's definitely not my opinion, and I think we need to pursue those studies and see what's possible. The scoping study for the Eyremore dam on the Bow is in the budget. It's a \$5 million initial study. We'll look at all the geotechnical possibilities, the different locations. It's about 30 kilometres south of the Bassano dam. You know, it would have the potential maybe to back up water right to the gates of the Bassano dam.

The reason the department thought it would be important to start there, if we were going to pursue in-stream storage, is that this has been the number one priority project of AIDA, the Alberta Irrigation Districts Association. They go through with their groups and prioritize, through some pretty strict criteria, what they think would have the most benefit. It would be 600,000 acre-feet, would definitely help with drought and flood mitigation, controlling our apportionment to Saskatchewan, and should bring a lot of opportunity.

The other thing I would point to would be the \$7 million MOU with CIB and the municipalities of special areas in the MD of Acadia Valley. That \$7 million partnership is going into a large feasibility study. It'll take probably still another year and a half to get it to a point where we can deem if it's fundable or feasible. But very exciting. It would have the potential to add 108,000 acres in

east-central Alberta, right before the water leaves for Saskatchewan, in one of the most dry, arid areas in the province. So that's exciting.

5:00

It will have challenges. I think all the early irrigation districts are where they are for a reason, and it's got a lot to do with gravity and elevation, but I don't think we can quit looking. So I think that's very exciting, but that will take a year and a half to complete.

Mr. Getson: I appreciate it, Minister.

You probably answered a couple of my other questions here going ahead, so obviously you know this file inside out and backwards and where I would be leaning on it. So if I do repeat myself a little bit and you've already mentioned one of these, I just didn't want to miss it for folks' edification as well.

Under outcome 2, page 18 of the business plan, we're talking about \$13.5 million allocated towards the irrigation rehabilitation program, and it's also going to the water use efficiency. So a two-part question on that one, sir. Can you explain the importance of this to our agriculture sector, which I think is well worth highlighting again? The investment seems to be targeted towards the 12 irrigation districts, so what are we doing for the producers outside of those current irrigation districts?

Mr. Horner: Yeah. Great questions. I don't have the line item in front of me, but it's 13 and a half million dollars. It's called the IRP, irrigation rehabilitation program. It was down to \$12 million, and it's been as high as \$14 million, and I think it's been as high as \$30 million going back decades.

But it's a very important program, and I'd say that even though, you know, we have this exciting relationship with nine of the irrigation districts currently on the big expansion with CIB, this program is important because not all of the districts are participating in that, so that's one reason why there are 12 districts. But this money is cost-shared money. They have to put money into the districts, and it goes towards, you know, canal repair, finding efficiencies, canals to pipe. It's one of the real good ways, in a leveraged way, to help ensure that our current infrastructure is kept up so we don't look like Montana.

Mr. Getson: Yeah. Point taken on that. I worked on both sides of the border there as well, and then also the Milk River down in that area is critical as well when we're looking at water, so I really get that comment.

Mr. Horner: I guess when you said, "About those areas outside of the districts, what are you doing?" I would point again to the MOU in the east, that project, you know, the potential an in-stream reservoir could bring. We're looking at others, but you have to start somewhere.

Mr. Getson: Yeah. I think the other one, too – and there was a gentleman who I met recently from the special districts down there. He said that, you know, all the easy areas have already been done; hence, why you're looking at these capital programs and why you're looking at, I would assume, as well, some of the nonconventional items, looking at water usage. Gone are the days when you can just dig a ditch and have a canal. You're looking at pipe. You mentioned IpeX as an example for that as well. I think that was well worth a note because we're seeing similarities down in the States from those other discussions. Down in Texas they're using a ton of pipe as well, that's produced also in Alberta, and moving down there. So I think that's very spot on.

I want to make sure I leave my colleague MLA Orr at least 30 seconds, so I'm going to take one more question here. We're talking

about the agriculture, building homes, or developing our natural resources on page 19 of the business plan. It has \$25.8 million going towards the water management infrastructure in '23-24. Can the minister provide us with a breakdown of the operating and capital expenses on those?

Mr. Horner: One more time with the line item if you don't mind?

Mr. Getson: Yes, sir. Page 19 of the business plan. It has \$25.8 million water management infrastructure in this budget year. Even if you just want to give us kind of an overview on the operating capital plan, what the intent is, and where it's going.

Mr. Horner: Yeah. So when there was the reorg in government and this came our way, you know, we took on about 120 dams and then a total of about 200 different systems. So AGI has, I'd say, operations and maintenance on the water, and that's about it; we don't control any of the licensing or permitting. That is all still Environment and Protected Areas. But on the \$25.8 million: yeah, it's operational dollars on assets that are worth over \$10 billion.

So part of the change in that – is there a change in that number? Is that what you quoted?

Mr. Getson: Yeah. Just to provide clarity.

Mr. Horner: Some of this infrastructure generates revenue, so it's a change in the electricity price that comes into the government and pays – we're able to then put back into our operational budget. I think it's about a \$5 million change.

Mr. Getson: Okay. No, that's great.

And with 24 seconds, I'll cede the rest of my time to MLA Orr.

Mr. Orr: Well, we will come back to it, because I do have another session, but I do want to talk about research. I'll get the question in so you have time to figure out the answer later: 38 and a half million dollars for results-driven agriculture, page 17 of the business plan . . .

The Chair: I hesitate to interrupt you, Mr. Orr, but we will take a quick five-minute break.

Please get back in your seats promptly, because it is a very short five minutes.

[The committee adjourned from 5:06 p.m. to 5:11 p.m.]

The Chair: All right, folks. Please take your seats. We'll start without the minister if he doesn't show up.

Ms Sweet: I'm just going to start asking random questions.

The Chair: You just start asking random questions.

Ms Sweet: But I also have the answers.

The Chair: So that concludes the government members' first block of questions.

We now move to five minutes of questions from the Official Opposition, followed by five minutes of response from the minister, but my understanding is that we'll be going back and forth as usual. Member Sweet, if you want to start hammering out those questions, let's go.

Ms Sweet: Well, I think we're going to go back and forth. Maybe someone else can jump in. I did actually want to talk about the importance of RDAR, but I would really like us to be able to get into a dialogue around it, so my hope is that we'll be able to do that.

The Chair: Yeah. We won't embarrass him at all by telling him that he was a couple of minutes late.

Ms Sweet: Yeah. Late. Okay.

Mr. Horner: I ran into some stakeholders.

Ms Sweet: So if we could – just because it's my time right now – look at RDAR and the fact that there has been a substantial increase given to the new budget within RDAR. Some of the feedback that we had is that it's great that there's research happening and that that's important work that needs to happen, especially as we're looking towards climate change strategies and recognizing that there are different mandates coming down in regard to how we address climate and then, of course, the connection to insurance programs and whether or not you're eligible if you are able to access. I think having RDAR around to be able to support some of that work is fine. The increase, though – I'm a little bit curious as to what the intent of the increase is.

Mr. Horner: It's a good question. You're going to steal MLA Orr's thunder; I think that's where he was going. Yeah. So \$37 million over 10 years: that's the original RDAR commitment. I'd say something that we heard loud and clear in the changeover to the RDAR model with our ag research was that the ARAs, the applied research associations, felt like there was a gap, and they felt a little left out. So what we did over the past year was that we started a task force between the ARAs, between our department – I think you headed it up, John – and RDAR to kind of work through: how do we find this landing place?

What I determined in the end, after some good advice, was that we needed a little more funding for the ARAs, some stable funding to help with more operational costs and rely on them, really, to fill in some of the needs around extension and, considering their geographic nature, spread it around the province for different reasons. So this million and a half increase to RDAR is going to be targeted specifically for the ARAs.

Ms Sweet: Okay. That's good. I mean, I think looking at, like, Farming Smarter and all of those guys and some of the work that's going down, that small research component plus the extension is very important. One point five million, and there are how many now? Ten ARAs? Twelve?

Mr. Horner: No. There are 12.

Ms Sweet: Twelve? Oh, I was close. I was off by two.

Okay. So there are 12, and this is mostly on extension services. Is that going to be the goal, that they will be the deliverer of the extension services happening through RDAR?

Mr. Horner: Well, I'd say that that's the gap we thought we were helping with this money, but they do much more than extension.

Ms Sweet: They do.

Mr. Horner: And there's still a large – you know, they're a big recipient of RDAR grants, so that part of it is working well. I think they would say that, but RDAR's specific mandate is around project funding as opposed to operational dollars, I guess. The ARA has felt pinched. You know, they have staffing requirements. They've got to keep the lights on. They felt like they could use some more steady funding, so that's what this is supposed to be.

Ms Sweet: Yeah, and I appreciate that they did. I mean, so what was happening, to have a fun conversation about this that I was

hearing, is that we had 310.FARM: call that if you need support. Well, then, 310.FARM would tell people: well, go to the ARA in your local community because they're dealing with the exact issue in your local community; they know what's going on. Then they were expected to provide the extension services. I'm happy to hear that they're going to be getting funding to be able to do the extension services. My concern, though, is that it can't just be the ARAs. They were already saying that they were already getting those calls, and it was a lot of work. They didn't necessarily have the staff on-site. There are some of them that are agronomists, but not all of them are agronomists. Like, there was a lot of – there was a high expectation for that work to be done.

RDAR receives a significant amount of funding for research; I get that. To add \$1.5 million for 12 organizations to do extension services and not have an expectation that RDAR also do extension services I think I'm a little concerned with. There's a significant amount of funding going out for research without a follow-up on extension services that isn't mandated by the nonprofit ARAs. They're really not. Like, they're doing other things, too, right?

Mr. Horner: For sure. Just to clarify: the million and a half dollars isn't just for extension, but that was where we did agree that there was a gap. The ARAs do many things, but this is meant to be stable year-to-year funding to help them with all of their costs. We are relying on them to help with extension, but you'll also find in this budget a \$3 million increase annually for the ag service boards, who also fill in a lot of those gaps on the landscape.

Ms Sweet: So you're expecting them to do extension services?

Mr. Horner: Well, I would say this: we're not going back to GOA hat-wearing extension.

Ms Sweet: I'm not asking you to do that.

Mr. Horner: Well, I'm just saying that ship has sailed, and that's what we're working on. That's why there's an increase.

Ms Sweet: Okay. But I think to say that ag services boards are to do extension services: that's not their role. To say that the ARA should be doing the extension services: they can do a part of it, but there does need to be some funding assistance, whether it's through RDAR or whether some of that grant money – the expectation that there's an extension attached to some of the RDAR funding I don't think is unrealistic. I mean, they're getting all these dollars to do it. It has to get to the producers; that's the whole point.

Mr. Horner: Exactly. You know, and that's . . .

Ms Sweet: So is there under the outcome measures for RDAR an expectation they do those extension services, or have you had to create a gap? Because there's no mandate right now for them to do it.

Mr. Horner: We're not creating a gap. We're expecting that between the ag service boards, the ARAs, and our industry groups, who are compiling a lot of this data and need and getting it to RDAR – \$11 million went out to the ARAs through RDAR last year in specific funding. The ARAs are a major player in what RDAR is facilitating.

Ms Sweet: I know.

Mr. Horner: But it's going to require more industry-led – that was part of the whole point of this. We're not going to have GOA hat-wearing extension services.

Ms Sweet: So you want the producer groups to provide extension services?

Mr. Horner: Part of what we're talking about is not just the extension services, but it's making sure that there's continuation of the research on the ground, making sure it doesn't just end.

Ms Sweet: I know, and I agree with you, though. I'm asking: who is going to provide the extension services?

Mr. Horner: Industry, ARAs, ag service boards.

Ms Sweet: You expect also the commodity groups, the producer groups?

Mr. Horner: They're already doing some of that. Yeah.

Ms Sweet: Okay.

Mr. Horner: Well, like I said, the task force came up with a strategy. Part of it was filling this gap here with this budget.

Ms Sweet: Yeah.

Mr. Horner: Yeah. We'll continue having those conversations.

Ms Sweet: Yeah, and I think you should because, like, I think that some of the commodity groups would probably tell you that they don't have the staff within their organizations to do extension services because that's not what their mandate is.

Mr. Horner: This is the most robust model of any province in the country.

Ms Sweet: Okay. Okay.

Moving on, then, from RDAR, I just want to highlight under ag societies infrastructure funding on page 106 of the capital plan you have \$8 million over three years. The agriculture society infrastructure revitalization on page 116 in – sorry. Page 116 in government estimates, I believe. No, it can't be government estimates. My apologies. In the capital plan on page 116, which is part of the fiscal plan, you have \$9 million. On page 106 of the capital plan it's \$8 million. Then on page 116 it's \$3 million over three years, and then it says: equals eight. But that math doesn't actually add up.

5:20

Mr. Horner: Okay. We'll find you that.

While we're finding that, I'd say that, yeah, it's a 2 and a half million dollar program for the ag societies. It's for infrastructure revitalization. This is something I've heard about since I got the job. Alberta is in a unique place where so much infrastructure is owned by ag societies. They are major recipients of a lot of our other granting under Culture, but we thought that this would also help. It will be a cost-shared program as well.

Ms Sweet: Okay. Yeah. It's at the top of page 116. It's 2023, \$3 million; 2024, \$3 million; 2025-26, \$3 million; three-year total, \$8 million. But if you go \$3 million, \$3 million, \$3 million, that's \$9 million.

Mr. Horner: They're rounded. That's a TBF thing; 2 and a half million dollars is our number.

Ms Sweet: It makes me really concerned about how the budget gets written when it's, like: our number is this, and the other number is this. Is it an accounting error?

Mr. Horner: If you look at whatever page this is – this is our capital plan '23-26 – it shows 2 and a half million dollars over the three years, for a total of 7 and a half million dollars.

Ms Sweet: Okay. So now we're at 7 and a half million dollars, not \$8 million?

The Chair: Thank you, members.

We'll now move over to the government caucus for a 10-minute rotation. I believe, Mr. Orr, you've got 10 minutes, sir.

Mr. Orr: More than 20 seconds. Thank you.

Let's pick up on that a little bit. I'm not going to repeat that – and thanks to the member opposite; it is the subject I was going to address a little bit – but maybe just zero in a little bit more on it. The Results Driven Agriculture Research was meant to be results driven, farmer led, so I'm just wondering if you can share both some of the success stories and the challenges. I mean, we're at the two-year anniversary of that. Really, has that actually worked out the way it was envisioned to be as originally rolled out?

Then, yeah, you sort of addressed the extension piece. I, too, have heard that some of the farmers are feeling like they're receiving less support through that, but I think you've addressed that. Maybe I'll just leave that piece and focus more on if you can share some of the stories and successes and the challenges of rolling out the results.

Mr. Horner: Thank you, MLA Orr. Yeah. I'd say that overall the feedback we've received has been very good. You know, it's definitely been a bit of a rocky ride. Any time you have that big of a change, I think you'll find that. But I think that the RDAR board has really kind of found their feet and built that relationship with each industry group, the idea being that whether you're a bee producer or a cow-calf producer, whether you grow canola, wheat, and barley, those organizations can do their own prioritization and say: "Okay; this is the biggest issue for our industry. Let's go to RDAR, and we'll show that priority." That's how a lot of these are getting funded.

I would also like to just mention the \$33 million that RDAR has secured from the feds for OFCAF. That was a big deal and kind of validated RDAR being that vehicle for us in our work with the feds, being our house to house this kind of research.

I do have here that as of January 30, 2023, RDAR was managing more than 470 active research projects and had invested \$61.8 million in more than 240 new projects, with investment from industry and other sources bringing this total to \$160 million.

Mr. Orr: Wow.

Mr. Horner: Amazing ability to leverage and partner with industry, postsecs, other provinces, other levels of government, you name it.

Yeah. You know, some of the highlights, I would say: just the ability to seek out that one project that's going to mean the most for that industry right now. I think, hearing the former minister speak about it, when they were at conception, the idea that we were going to keep all the rock stars and be able to do the most impactful work that would have the most impact for the farmers: that's why I think it's so important that it's industry led. I think those numbers are very impressive, and the way they've been able to leverage outside dollars is a great story.

Mr. Orr: You did kind of almost touch on my next interest here. Can you identify what you would consider maybe some of the most significant research? And related to that: are there specific

commodity sectors that are benefiting more or less currently with research?

Mr. Horner: Well, maybe on impact. Like, they've done everything from, you know, different resistance factors and crops to work on methane and cattle feed. I would say: \$12 million in partnership with Genome Alberta to fund 14 agricultural genomics research projects; \$3 million over three years to establish a transdisciplinary irrigation cluster with activity centres and research centres and postsecondary institutes in the Lethbridge area; \$660,000 towards research in support of pest-resistant crop varieties; \$650,000 towards honeybee health – that's a very live topic – \$400,000, potato quality; \$521,000 to critical chronic wasting disease projects brought forward by the beef sector; \$430,000 in wild boar research. They're really covering the whole gamut. It's pretty impressive.

Mr. Orr: Yeah. Okay. Thank you.

If I go to the capital piece, 4.1, I think I heard you mention earlier that that \$1.2 million is going to the university for a lab. Is that correct? Can you clarify that?

Mr. Horner: Yeah. Maybe this will clarify some of the previous question, too. In the capital plan you will see \$1.2 million for diagnostics laboratory equipment for the U of C. In our budget it flows through Advanced Education to get to them, but that's all capital. I think I mentioned earlier, the idea being that we just need to bolster our diagnostic lab capacity in the province. It won't have an immediate impact on helping with AI per se, but it will help a lot of other tests that are currently having to be shipped out of Alberta. Specifically, Manitoba does a lot. So trying to bring that in-house, and U of C has been very game to help in that way.

Mr. Orr: Okay. U of C also offers the veterinarian program. The whole issue of animal health is a big issue, I think, and the shortage of vets across rural Alberta in particular. There are lots of vets willing to deal with pets and new kitties and that kind of thing, but the large-animal vets – the lab, obviously, may help with some of that. Can you just comment on progress in terms of increasing veterinarian services in Alberta and the educational piece?

Mr. Horner: Yeah. Well, it's not in this budget for me, but it was \$59 million in the original investment to U of C to help begin the infrastructure build to double the seats from 50 to 100. That work is ongoing, and I believe they received an additional \$8 million to speed that process up last year. But not in my budget.

Mr. Orr: Okay. Well, that's fair enough, then, if it's not in your budget.

Mr. Horner: But I would say, if you allow me, that the dean at the school, Renate Weller – the school did a great thing and poached her from whatever school she was at in Europe. She is well on her way, I think, to really changing how we recruit, train, admit vet students. She's given a lot of insight to myself and other ministries around – even when Brexit was first hitting the scene. A targeted recruitment campaign in Spain for large-animal vets: she was aware that there was an opportunity there, so with our labour and immigration minister that was part of a campaign at the time.

5:30

She's doing great work on the admission criteria, finding ways to make sure that, you know, kids – I shouldn't say kids – young people that potentially want to become rural or large-animal vets are able to get in under that admission requirement. It might mean lowering the admission and then increasing the criteria on

something like references and work experience. I know that's something that they're looking at and something that they're doing in Europe. The school she came from: I think they put out 400 vets a year. There's a scale and scope that we don't have here, so that's what we need to continue with.

Mr. Orr: That sounds hopeful. I know that a couple of years back one of the challenges – and, again, this might be outside of your scope; if so, you can say so – was finding existing vets who were willing to offer the practicum piece to new vets. Are you aware if that's still a challenge, or are vets coming onboard for that?

Mr. Horner: No. I think that's still a challenge. I don't think many of the challenges have changed. But this is a global problem. This isn't a North American problem even. You know, the burnout of vets is a real thing, the high suicide rate. It's a tough job. They're highly educated people. They don't make as much money as many would think, and then if you want to put them in, you know, precarious situations by themselves in the middle of nowhere, it's a tough life.

The Chair: Okay. Thank you.

Members, we'll now move on to a 10-minute block for the Official Opposition. Member Sweet has the floor.

Ms Sweet: I'm good to keep going back and forth?

Okay. Let's figure out the \$8 million to \$9 million in the capital plan, please.

Mr. Horner: They're going to hand me a piece of paper, but I believe it's rounding. So 2 and a half million dollars per year over three years is 7 and a half million dollars plus the \$1.2 million is \$8.7 million. That's the rounding to \$9 million. The \$1.2 million for the lab?

Ms Sweet: No.

Mr. Horner: Oh, no. Pardon me. Oh, they just rounded the \$7.5 million to \$8 million.

Ms Sweet: Okay, but it's \$9 million. This is where I'm confused.

Mr. Horner: Well, they rounded the 2 and a half million dollars to \$3 million, and then they multiplied it by three years.

Ms Sweet: Yeah, they did. On page 106 what the budget says under the capital plan is that

Budget 2023 provides rural communities with new funding for the facilities owned by agricultural societies. \$8 million over three years for the Agricultural Societies Infrastructure Revitalization program will help fund major repairs, renovations and energy efficiency upgrades,

et cetera, et cetera. That's on page 106. But when you actually look at the budget line item, which is on page 116 of the capital plan, it says: \$3 million, \$3 million, \$3 million, and then \$8 million. So it's not right, because three times three is nine.

Mr. Horner: I hope you're able to ask Treasury Board.

Ms Sweet: Minister, it's under your budget, though. Like, I get it's the capital plan, but it's . . .

Mr. Horner: It's just rounded. It's not in my capital plan. It says: \$7.5 million.

Ms Sweet: Right there on page 116.

Mr. Horner: Each 2 and a half million dollars is rounded to \$3 million?

Ms Sweet: Well, then it would be \$9 million.

Mr. Horner: I get the math, but 2 and a half million dollars is the number that we went through the budgetary process with.

Ms Sweet: This is a budgetary line item we vote on, though, so this has to be fixed. It's either \$9 million or \$8 million.

Mr. Horner: Treasury Board.

Ms Sweet: I don't think – it's an agriculture line item.

Mr. Horner: Well, we'll make sure that they're aware, but much like the wording you didn't like in the fiscal plan, I didn't write it.

Ms Sweet: Well, I know. I'm starting to get really concerned with your budget overall because I keep finding, like, auditing errors here, and I'm not even an accountant.

Okay. Well, we'll move on, then.

The Chair: Things were going so well.

Ms Sweet: It's just the facts, Mr. Chair. Like, I'm not trying to be adversarial. It's just that those are the facts.

The Chair: I'm sure the minister will try to get you the answers.

Mr. Horner: In the vote I can assure you it will be \$7.5 million.

Ms Sweet: It's now \$7.5 million, not \$8 million?

Mr. Horner: It's \$2.5 million times three.

Ms Sweet: Okay. Is it \$7.5 million, is it \$8 million, or is it \$9 million?

Mr. Horner: It's \$2.5 million times three; it's \$7.5 million. It was rounded.

Ms Sweet: So it's wrong in both spots in the budget, then?

Mr. Horner: On page 116 it says \$8 million, which is some form of rounding by TBF, but in my capital plan . . .

Ms Sweet: But there are no numbers to round; that's just a paragraph. This is similar to the 60 per cent paragraph. Like, this is where this is starting to get really weird. I didn't spend a lot of time auditing the books, so I hope there are no other numbers that I'm missing.

Mr. Horner: I suggest you hit Treasury Board's estimates and grill them hard.

Ms Sweet: Minister, I'm the opposition.

Mr. Horner: It's \$2.5 million over three years; 2 and a half million dollars a year . . .

Ms Sweet: I don't think I can amend the capital plan in the Finance minister's estimates. No. I have to do it here, but I don't know what the number is supposed to be.

Mr. Horner: I don't know the rounding expectations of Treasury Board. I don't know what's traditional.

The Chair: I think the procedure, Member, is that if you're going to amend, you would have to send prior notice to this meeting to do it here, unfortunately.

Ms Sweet: That's the only way we can amend the budget. We can't do it in the House. That's how the procedure works, so if I've just caught the estimate error and the . . .

The Chair: Then I suggest that we've got two three-hour meetings next week with Treasury Board and Finance; it might be an idea to formalize an amendment at that point and put it through.

Mr. Horner: MLA Sweet, speaking with my CFO – he's been in this chair a long time – he says that it's not a mistake; it's a rounding, and it won't be like that in the vote.

Ms Sweet: Okay.

Mr. Horner: It's presentation, and it'll be changed.

Ms Sweet: It'll be changed. Okay. Good. All right. Well, let's move on, then.

Mr. Horner: If they don't, the ag societies will be happy.

Ms Sweet: And I'll take credit. You're welcome.

Mr. Horner: I'll spread it around.

Ms Sweet: Okay. But let's continue with ag societies. They got the infrastructure, which I think is great. That is for retrofit but also new build or just retrofit?

Mr. Horner: Retrofit. Refurbish. Yep.

Ms Sweet: So will that include, like, energy efficiency stuff? Like, is it kind of open, what they can do, put solar on the skating rink kind of thing or whatever?

Mr. Horner: I think it'll be pretty broad and cost shared.

Ms Sweet: Okay. My understanding is that there was also a request put forward for an increase in service delivery from the 11.7 in the budget, and they had asked for about 18.3. So it was a \$7.1 million increase. I get that. I'm just reiterating what I was told, and that was for sustainability, service delivery, recruitment of staff, and being able to basically continue to do the work that they're doing and as it continues to expand. Like, Open Farm Days, for example, doing all that work, and conflict resolution, training on accounting for their nonprofits, like, all the different services that the ag societies offer. Is there a reason why their service delivery is flat and there was no inflationary adjustment made?

Mr. Horner: Well, no. I'd just say that their operational funding is static, for sure. I would also say that they're still kind of coming out of, you know, the pandemic times, and they will tell you that as well, a lot of GATT-driven events. There have been a lot of changes over the past few years. I'm glad we were able to be flexible and let them use some averages from the past to keep their funding up over the last couple of years, and I know they're appreciative of that.

Definitely, they would like more money. They would like an increase on the operating side. I know we've said that we will continue to have that conversation. I think there still is maybe a big conversation to be had about ag societies, you know, what their future looks like. Just because there are the littlest ones to the biggest ones. I think that the seven regionals always want to have that conversation. So, yeah, I look forward to having it. I'm proud

that this is at least a stable budget for them, and I'm glad we were able to help on the infrastructure side. That is something that's been asked for.

And I should say that we've also advocated to the federal minister, that we would like to maybe pursue being part of a joint program. A lot of this infrastructure wouldn't be owned and held by the ag societies if it wasn't for the federal initiative in the 1970s. So we thought that a 50-year revitalization plan would be maybe fitting with the feds, so we've been bringing that up for a couple of years.

Ms Sweet: So you'd be looking for the feds to help fund some of that?

Mr. Horner: If they would like to, we would definitely cost share. Not this program that we have. This is us putting our foot in the door and trying to get something started, but I have approached the federal minister and said: would you consider this?

5:40

Ms Sweet: I appreciate that there are some big ag societies, but if we look at what is actually across the province, there's a total of 290, and I get that there are some, like, little ones . . .

Mr. Horner: It's 283, I think, or . . .

Mr. Dancause: And seven.

Mr. Horner: And seven. Right.

Ms Sweet: Oh, I was rounding up this time, Minister. I thought that's what we were doing.

Mr. Horner: Plus seven. Yeah, you're right.

Ms Sweet: What's the number?

Mr. Horner: It's 283 plus seven, the seven regionals.

Ms Sweet: So it's that number, 290, what I just said?

Mr. Horner: I was acknowledging that you're right, yeah.

Ms Sweet: We're having a lot of fun tonight with my math. Okay.

Mr. Horner: New math. Discovery math.

Ms Sweet: Math is hard, Minister, I know. Happy International Women's Day. All right. So . . .

Mr. Horner: Yeah, and that's some of the challenge. Like, there's the biggest and the littlest, right?

Ms Sweet: Yeah, so 290 societies. Even if they got the increase of 18.3 – oh, more math – it would probably be about .06 per ag society if you break it down and divide it up. So, I mean, even if you did the 11 – someone else could probably do the math for me – if we did the 11.2 that they're currently getting divided by 290, is that 11 only going to the seven, then?

Mr. Horner: No. The split is . . .

Ms Sweet: No. My numbers are off.

Mr. Horner: I think the base grant is \$17,500 for the small, the 283.

Ms Sweet: So \$17,500.

Mr. Horner: And then the large seven get – isn't it that?

Mr. Dancause: Oh, right. Sorry. Yeah.

Mr. Horner: Yeah, 298. So almost 300 grand annually for the big seven.

Ms Sweet: Okay. So they get about 17?

Mr. Horner: It's 17.5.

The Chair: Thank you very much, members.

We'll now move on to a 10-minute segment for the government caucus. Who's taking the floor on that? Mr. Sigurdson, if you . . .

Mr. Sigurdson: Throw it to me, catch me off guard.
Minister, you're still good to go back and forth?

Mr. Horner: Sure.

Mr. Sigurdson: Got a couple of questions, as I mentioned before, about the importance of your value-added agricultural tax credit included in this budget. Of course, fiscal plan page 37. I'm sure you're more than well aware of that. You've been working on this for a couple of years. It's great to see it coming forward. Maybe if you could provide a little background on – of course, I know you were talking about it before – how you came up with the 12 per cent, why you think that's the right metric for Alberta, and, with that, why you felt it was important to get this across the line, and where it's going to lead us to.

Mr. Horner: I appreciate the question. Yeah. A lot went into the math behind the scenes. I hate to bring up that Treasury Board was involved in math after this whole rounding conversation we just had, but I do think some smart people really did a lot of great work.

I would say that all of those investment teams that we talked about at Alberta agriculture, our team, Invest Alberta, all the good work they were doing: it became evident that something was missing. We were still doing quite well, and I think we're proud of what we've accomplished this term. I'd say that at the time it was a pretty bold goal to bring in \$1.4 billion in investment in the four years and create 2,000 jobs. We hit the job number two years early, we hit the investment number a year early, and that was well over double what the province had seen under the previous government's pathetic attempt. I'm just kidding.

Anyway, it's growing up, the trend line is good, but we know we can do more. There's so much opportunity. We see what Saskatchewan is getting. So we did a very in-depth crossjurisdictional analysis looking intently at nine jurisdictions in Canada and the U.S., and what we found was that Alberta was kind of largely in the mushy middle, I'd say. You know, our broad advantages were noticeable: the lowest corporate and combined tax rate in all but six jurisdictions, no sales tax, we have some proximity advantages to the coast and the ports, we're a beautiful place with mountains and prairie and everything in between, two large cities with populations over a million for labour. But we do have some things that are going away from us, too. I'd say, namely, electricity prices, land values, some things that probably previously really helped make up the Alberta advantage. When you're talking agriprocessing and manufacturing, there's not much you can do without electricity, so that is a major concern. We wanted to pursue this in a big way, and like I said, behind the scenes, looking at everything all in, we thought this was a place that not only do we meet what everyone else is doing; we think this puts Alberta in a place to win.

Some of the goals going forward I would share with you: if we wanted to attract \$1.4 billion and 2,000 jobs the last term, this term

that number is going to be about \$5 billion and 9,000 jobs. We want to take it off that natural trend line. Like, Alberta was doing good getting its fair share, but we want to grow it exponentially. And I should say that other than just the jobs and, you know, the desire to create more value for the farmers and not just put raw commodities on a train – I think we export 42 per cent of our ag products in their natural, primary form – it also helps us really complete the circle for the GOA on some of the other investments, namely the big irrigation play. There's no other jurisdiction in North America that has that value proposition, 230,000 new acres, and it helps create that mass, so we think the timing is going to be really important for the province.

Mr. Sigurdson: Staying on that topic about the new tax credit, of course, any time you're talking about the tax credit, you're committing money, essentially, to this. I think it's important to talk a little bit about what that means for Albertans. I guess if you could maybe speak a little bit about what the initial investment, what the interest level in it is so far, if you've seen some signals and signs that would give some assurance that this is actually hitting where you think it's hitting, and, as well, any comments on what you think the return on this investment is for Albertans as the taxpayer in this situation.

Mr. Horner: Thank you for the question. I'd say a couple of things. Treasury Board's analysis – I maybe mentioned this earlier. They think it'll be an 8 per cent return on investment right away. Some of the assumptions built into that are about a 35 per cent incremental investment from the credit. So the way the credit works: if you meet those eligibility criteria – you're over the \$10 million in capital – you're going to get the credit. I think it's very defensible that this is a nonrefundable credit. This is not a cheque-writing scheme from government, picking winners and losers.

Everybody that comes in: they're going to come in with their project, their own private investment. They not only have to get their operation up and off the ground; they have to make it profitable. So if they're willing to do that and create jobs, we think there's so much value in getting that business here. Many of these businesses are operational for 40 or 50 years, the infrastructure that comes with it. So we think: give them 10 years to recoup the credits, and we're going to recoup the benefit for many, many years after that.

Mr. Sigurdson: Maybe just as a follow-up question, when we're looking at this, you said before that Alberta was sitting kind of in that awkward, mushy middle. It really wasn't on the playing field. We weren't getting the interest that we're seeing. We weren't seeing investment. What jurisdictions, specifically, do you think this helps us compete with and how it gets us into that competitive market?

Mr. Horner: Like I said, we did some analysis on quite a few jurisdictions, but we did about nine jurisdictions with really detailed analysis: Saskatchewan, obviously, with their credit being as substantial as it is, we wanted to make sure we knew what was going on there; Ontario; in the States, Texas, Idaho, Colorado, states that we thought we had a lot of direct competition for a lot of the same type of projects and business. They don't all have credits, but we were one of few that didn't. I think we were one of three that didn't have a credit in that space. They had different investment tools, much like we do.

5:50

Yeah. That's kind of how we got here, and then I'd say the anecdotal stories from our investment team about the ones we

almost landed and lost: you know, that was all very real and had become more challenging, I'd say especially more challenging since Saskatchewan made their credit even more substantial in the spring.

Mr. Sigurdson: Well, excellent, Minister. Thank you for that.

I guess I will concede the rest of my time, though it's not much, to my colleague MLA Getson.

Mr. Getson: I appreciate it. It's more than 24 seconds, so it's more than I can expect. Minister, thank you very much. I want to flip over to rural economic development and attracting investment if we can. So there's on page 40 and then also on page 18. Which one would you like to talk about for less than a minute?

Mr. Horner: You pick.

Mr. Getson: Maybe we'll go to one quick line item here, Minister. Page 40 of the estimates. Line 3.1 is related to export and investment, and we see there's an uptick, about \$1.1 million or \$1 million and change. Can you talk about the reason for the increase, and what bang for the buck are we going to get back for that?

Mr. Horner: I'm pretty sure that is that \$1 million that's the administration of the credit. So it's \$1.1 million: the \$100,000 is inflation and labour and, yeah, collective bargaining, but the million dollars is specific FTEs in agriculture to administer the credit.

Mr. Getson: Okay. I'm left with the awkward position of 20 seconds. Page 18, rural ec dev, key objective 2.1 mentions the intention is to "coordinate government-wide . . . on rural economic development." What are you guys up to there? How are you going to co-ordinate that?

Mr. Horner: Well, you will find a line item somewhere with about \$4.6 million. That will have the top-up for the REDAs of \$825,000.

The Chair: Thank you, members.

We'll now move over to the Official Opposition for 10 minutes back and forth, and Mr. Bilous has the floor.

Mr. Bilous: Great. Thank you. I'll thank my colleague from Lac Ste. Anne-Parkland because we're on the same wavelength. I was about to ask about rural economic development. So, Minister, actually, you started to explain the \$4.6 million. I know you touched on the REDAs, and we talked about that earlier. Could you just do the rest of the breakdown of that \$4.6 million minus the \$875,000-ish?

Mr. Horner: Yeah. Three million dollars is for capacity building. Yeah. Of the \$4.6 million, \$3 million in each of the two years to support economic development capacity building in rural communities – that was something we really heard in the stakeholder engagement that was needed – \$700,000 to support economic development capacity-building grants, entrepreneurship support, mentoring, coaching, business development, Indigenous women entrepreneurs, et cetera; and the \$900,000 to support regionally based economic development projects. I believe that's rounded, too; I think that's actually \$825,000.

Mr. Bilous: We'll blame Treasury.

Mr. Horner: I'm good with it.

Mr. Bilous: So a question in all seriousness, Minister. Like, I think this is great, but maybe your officials will know this. Were any of these programs – did they used to live in JEI, or are these brand new programs? These programs five years ago would have lived in the

former JEI ministry, so I'm just curious: are they newer programs that were created by your department, or did they carry over?

Mr. Horner: It's my understanding that these are new programs. There may have been something similar in JEI once upon a time, but my ADM Karen Wronko, I'm quite certain, developed these programs new to us after the stakeholder engagement.

Mr. Bilous: Okay. The one sounds – the economic development capacity building and even the \$700 K, the second program you mentioned, sounds a little bit like the former CARES program, community and regional economic support program. Again, I don't care the title; I don't care what it was called. I appreciate the fact that there's a recognition that regions of the province need support on the economic development side, especially on the diversification, so having dollars available through your department I think is sorely needed. Are these all new dollars as of this budget, Minister?

Mr. Horner: Correct.

Mr. Bilous: Okay.

Mr. Horner: I should just say, like, part of the challenge here, as you obviously know, is that this is such an overarching attempt, right? So a lot of the things even before the government reorg, when a lot of the ministries changed – you'll see, I'm sure, if you're in FPT's estimates, that I think there's \$5 million going towards Travel Alberta for rural-specific tourism themes. A lot of that at one time came out of my stakeholder engagement that I led. So you're going to see it pop up a few places if you're in this room this week, but this is what stayed with us after the EDRAP with stakeholders.

Mr. Bilous: Yeah. I think that's great. It kind of dovetails. I'm also very interested in any of the initiatives that you're moving forward on around ag tourism. Now, again, I appreciate what you just said about Travel Alberta and the fact that their mandate has been expanded to destination development and marketing. Is there a line item – and forgive me, Minister; I can't find it – that supports agricultural tourism?

Mr. Horner: Not with us specifically. Like, I guess that need that came out of the stakeholder engagement now flows through FPT and to Travel Alberta but working closely with David Goldstein and Travel Alberta to, you know, recognize the rural opportunities and agritourism opportunities. It's not specifically in our shop.

Mr. Bilous: Can you break down that \$3 million on the economic development capacity building? Again, I completely appreciate if you're about to put out, like, an RFP, essentially, to say to the regions, you know, "Put in your requests for proposals," but do you have a sense of how that money is going to break down and what types of projects it'll be invested in?

Mr. Horner: It may be a little early to break it down for you. A lot of that is going to probably flow through, you know, municipalities and REDAs and the like, but I'm sure down the road here we'll be able to break it down for you. I guess it's pretty broad. Yeah. It's too broad right now.

Mr. Bilous: Okay. Is it a pure grant, or is it a matching program? Like, do the municipalities or communities or regions have to put in dollars of their own or leverage dollars?

Mr. Horner: I believe that will be a pure grant.

Mr. Bilous: Okay. And any collars on the minimum/maximum, or is that still being determined?

Mr. Horner: I don't have that kind of granular information.

Mr. Bilous: Okay. No, no, no. That's okay.

When you broke down the buckets of money, you'd said \$700 K toward – can you jog my memory?

Mr. Horner: Yeah. Support economic development capacity building such as rural entrepreneurship; support mentoring, coaching, business development; support for Indigenous women entrepreneurs.

Mr. Bilous: Okay. That's great. And maybe there's an opportunity to even leverage dollars out of an entity like Alberta Innovates, that does some of this already, that, again, could get better bang for the buck. Okay. That's great.

A question on – I know we talked about the Leduc food processing incubator a little bit, which I'm a big fan of. That's an incredible facility. Was there new funding at all in this budget other than just a little bit of an increase on their operational side?

Mr. Horner: It's steady. It looks like a decrease because the capital is completed if you look at the budget line, but the operational is the same.

Mr. Bilous: Okay. Do you know how many companies they can house in there right now? What's their capacity?

Mr. Horner: Yeah. I can get you that. Right now there's one large company that's taking up quite a few of the bays, but I believe that they're the one that landed those large investments and will probably be leaving shortly. I'm sure my ADM would know that. Yeah. The 25,000 square foot expansion will create an additional three bays, so I think that takes them to 10. I'm sure we do know the number. I could ask – we're about to find out.

Mr. Bilous: Okay. I mean, what I will say, for members' benefits – you know, I'm a big fan of the Leduc food processing incubator. In fact, a company called Siwin Foods started in that facility, expanded to, I think, about a 25,000 square foot facility. My favourite part of this story is that the CEO and owner: they're basically selling dumplings back into China that are made in Alberta, which I think is totally cool, that we're doing it here, and it's because of the food processing incubator.

6:00

Mr. Horner: Yeah. And Siwin still works closely with our department. I know they just received a CAP grant, actually, for some new investments.

Mr. Bilous: Great.

Mr. Horner: So those relationships continue.

If you wanted any more info on the actual facility, it will total 10 suites, 100,000 square feet of processing storage and employee welfare facilities. Each new suite has 5,000 square feet of floor space designed for food processing. Yeah. The project is in its final stages, with commissioning taking place in February and March.

Yeah. That number I read before was in 2022-2023, 45 industry clients.

Mr. Bilous: Okay. That's great.

My last question in this block, Minister, is in the business plans under outcome 2. It's page 18, 2.5. One of your key objectives is to continue to streamline processes and unnecessary oversights to

improve service delivery, enhance competitiveness, and support business growth. I'm wondering, Minister, if you can just comment on, with some specifics, which processes are your department focusing on to streamline, and if you can comment on any of the unnecessary oversight, just to provide some clarity for that.

Mr. Horner: Well, when we're talking red tape reduction, because we do have AFSC at the table, that's kind of the one that my head goes to first. The department has done some great work, and when we still had forestry as part of our department, forestry did a lot of heavy lifting, too. Yeah. I'd point to AFSC, you know, some of their advances in technology and AFSC Connect bringing everyone online: that cut a lot of regs for us while making, you know, that front-facing client experience a lot better.

How many did you put on direct deposit? A huge number went on direct deposit right when the ag recovery program rolled out.

The Chair: Sorry for the interruption. We'll now move on to a 10-minute segment with government caucus, and Mr. Getson has the floor.

Mr. Getson: Yeah. I appreciate that, Chair. Minister, if we can just go back to rural ec devs. Similar to the Member for Edmonton-Beverly-Clareview, we're really tied into that segment in that sector and wanted to grow it for diversification, you know. And for the record, too: I appreciate the work that he's done on that over the years as well because it has launched a lot of good businesses. I appreciate that.

Back to where I was at: on page 18 of the business plan there was a key objective, 2.1, that mentions the intention to "coordinate government-wide effort on rural economic development"; further, on page 41 of the estimates under line 2.2 we see a \$2 million increase on the capital grants and ag societies and exhibitions. Again, I know you and I both have a soft spot for those groups because they're kind of the glue in our communities that hold them together. Can you explain, firstly, the reason for the increase in that funding to the ag societies?

Mr. Horner: Okay. And just so I'm clear: we're talking operational or capital?

Mr. Getson: Well, if you want to talk about both, that's fine, but it was 41 and it was item – well, maybe I wrote it down here incorrectly.

Mr. Horner: So page 41, line 2.2.

Mr. Getson: Page 41, line 2.2. Yep. Two million dollars.

Mr. Horner: This is capital. Yeah. The \$2 million dollar increase. Why this number looks different: this isn't a rounding error. A 2 and a half million dollar increase for the ag society infrastructure revitalization fund. The \$500 million decrease is due to the Medicine Hat event centre and grandstand. I guess it was an early engineering study that was funded last year for \$500,000; that isn't there this year. They're still working on a project, but they're trying to secure or fully commit their municipal partner. In conversation with them, you know, we do feel like we set kind of a precedent with Lethbridge and their expo centre, that I think they'll have their first event in in June. Amazing facility. But we did, through conversations with Medicine Hat, say that we would honour that formula, so that's what they're pursuing, some kind of reimagination of their grandstand that would also be a farmers' market and trade show venue. But they're still trying to secure that municipal partnership.

Mr. Getson: Okay. Well, they have a long-standing history down there, too. I had a chance to look at the new facility under way, and it's going to be phenomenal. Again, some of that spill-off when you look at the film and television industry – and everybody wants to get cowboyed up after *Yellowstone* and also the zombie action taking place. A lot of folks want to see those areas. *Ghostbusters* was another great one. Part of that tie-in there, too, Minister – I'm leading you into it a bit – some of those novel ways that other farms can actually look at diversifying their business.

With that annual grant program receiving no increase since 1999, you explained the \$2 million that will help address the struggles with ag societies that they currently deal with. So that \$2 million top-up: where do you see that going, and how is it going to help them along?

Mr. Horner: The 2 and a half million dollar top-up?

Mr. Getson: Yes, sir.

Mr. Horner: I've got to keep the numbers the same because we're . . .

Mr. Getson: I'm just rounding. When you're talking hundreds of millions and billions, it's a rounding error in my world.

Mr. Horner: I think it'll go a long way. It's something we've heard about at every meeting with the ag societies, just how – you know, the cost of operating everything, and everyone is hearing about that. The cost of construction I know – well, we just mentioned Medicine Hat. If you're touring some of their infrastructure, some of their barns outside the rodeo grounds, I know they thought they had a pretty good nest egg once upon a time, and I think just to repair the roof was a million dollars and cleaned them out. We know that this is probably a drop in the bucket, but it's a start. It's a foot in the door. It's a line item. It's leverage money. They are still going to have to bring some money to the table, but we hope it shows that we're listening, we're trying, and it's a start.

Mr. Getson: Well, further to that, Minister, if you could expand a little bit for the folks at home who may not be familiar with the ag societies – I know this is a friendly room here, and oftentimes we gloss over that, but can you explain a little bit how that ripple effect happens? How do the ag societies and this funding that they're going to be receiving – how does that ripple out into the rural communities? What is the net back on that? What does that give us?

Mr. Horner: Oh, I think it's huge. Like, I don't know. I'm biased because I come from a place where the ag society is a very important part of the community; it's kind of the community hub. I think that a lot of the ag societies across the province, you know, are running those important days in each community that all of the community associations kind of rely on to stay operational and keep their community halls and skating rinks and all of that other community infrastructure going. I think any way that we can support them – they obviously have challenges with costs but also just a changing world. I know if you talk to the ag societies, they're always saying that right now they feel like they're kind of in this test phase of seeing what works again, what'll get people out of their houses, and they're trying to be really creative and think outside of the box. Yeah. I think it's a relationship we have to keep up with them and see where it goes. There's such a driver for that – I don't know – community fabric holding it all together in rural Alberta.

Mr. Getson: Yeah. I can see that full well. You know, if I was to look in our own area – like, a shout-out to the Darwell ag society;

they're right off. You've got a small, little community that hardly has anyone when you drive through town, and then they put on their ag drags and their barn burner, and you've got 20,000 people rolling out there. It's amazing what they can bring in for revenues into small communities just from good, hard-working volunteers to be able to pull that together.

With that, Minister, I'll cede the rest of my time over to my colleague. I really appreciate that. Peter Singh. MLA Singh; pardon me.

The Chair: Go ahead, Mr. Singh.

Mr. Singh: Thank you, Mr. Chair, and thank you, Minister, for being here. On page 45 of the estimates, under ministry financial statements, the line item premiums, fees, and licences shows a nearly \$100 million increase under the current estimate compared to the 2022-2023 forecast. Is this a result of AFSC premium increases?

Mr. Horner: Thank you, Member. You're on page 45, premiums, fees, and licences?

Mr. Singh: Yeah.

Mr. Horner: And the question is from the estimate from forecast?

Mr. Singh: Yeah. Premiums, fees, and licences shows a nearly \$100 million increase under the current estimate compared to the 2022-2023 forecast.

Mr. Horner: You bet. Thank you for the recap. It's a \$98.7 million increase in AFSC's premiums and fees. This includes – there's going to be a little in and out here – a \$102 million increase for agri-insurance producer premiums; a \$1.6 million increase in lending program fees due to higher estimated loan portfolio transactions; a \$400,000 increase for hail insurance premiums due to higher crop pricing and crop mixes; a \$300,000 increase in AgriStability program fees – this is partially off-set by a \$3.7 million decrease to livestock insurance premiums, and that was due to low producer participation – and a \$2.4 million decrease in hail insurance program fees. So a little in and out, but it kind of speaks to all the changes we spoke about earlier in estimates.

6:10

Mr. Singh: Thanks for the answer, Minister.

What impacts can we expect this increase to have on the finances of the producers?

Mr. Horner: The finances of the producers? Well, I'd say that shows the money that's going in from the government side of the premium pool. I think we well debated early on how the producer will participate in that. Forty per cent of that equation is the producer contribution. Like we said, the premium piece of the formula is capped at 10 per cent year over year, so they will be able to, hopefully, adjust and stay well insured, with their coverage continuing to climb. That's definitely the hope.

Mr. Singh: Thank you, Minister.

On page 37 of the estimates under capital investment there is a \$4.5 million increase for this year when compared to the 2022-2023 budgeted amount. Can you please explain the reason for this increase?

Mr. Horner: You bet. That, once again, is the Eyremore dam project, an early-days conceptual study or conceptual scoping study. It'll have to do a high-level assessment of, you know,

potential dam configurations and locations, determining and continuing to refine the potential project. Like I said, yeah, it's something that's very exciting, a top priority.

The Chair: Thank you. Sorry to interrupt.

We'll now move over to a 10-minute math session from Member Sweet. Oh, sorry; that was a 10 minute segment.

Mr. Horner: If you'll indulge me, I have something interesting. This is from Treasury Board. CFO Darrell sent them a note, and they said on page 148 in the fiscal plan that "amounts . . . may not add . . . due to rounding."

Ms Sweet: Okay. Back me up, my friend. It's still not reflective of the actuals.

The Chair: Go ahead, Member Sweet.

Ms Sweet: Okay. Enough with the math. Let's talk about irrigation networks real quick. I just realized I haven't asked about them. Can you please, Minister, tell me: with all the irrigation funding that is in the current budget, how many of those projects are new projects, how many projects have shovels in the ground, how many projects are still being mapped out, and how far away are they from being completed?

Mr. Horner: Well, I can give you this much detail. Of the \$933 million, there were 92 modernization projects highlighted. Currently 42 are complete. Some are pushed back a little bit, but I believe that everything right now is still on pace to be completed by 2028 although a few have reached out and just made sure that we knew that they may have a challenge at the end of '28 getting it done. We then, you know, conveyed that to the Canada Infrastructure Bank, and they've made it clear that that won't be a problem, that they'll be flexible in that regard.

I'd say 42 out of 92. The rest are largely on pace, but there is an acknowledgement that it may get tied up at the end, and CIB knows and will be flexible.

Ms Sweet: Okay. So 49 are complete; the rest are projected to be completed by 2028.

Mr. Horner: Forty-two are complete.

Ms Sweet: Sorry. What did I say?

Mr. Horner: You rounded.

Ms Sweet: Yeah, a rounding error, a total rounding error. Question period is going to be so much fun.

Okay. Because of that, we recognize interest rates, inflationary impacts are significantly driving the majority of our economy, all of our economy, really. The increase in the cost associated with many of these projects has gone up substantially. Do you have an estimate, based on the approval, of what the value was versus what the value is now on these projects?

Mr. Horner: Well, I can tell you that Ipex pipe, like I mentioned earlier, increased by about 25 per cent. Some of that is, I think, getting better. It was a real challenge in early days. Some of this pipe is very large; it's, like, four-foot and five-foot pipes. Ipex only has a few lines here in the province, and a few of these projects were going to take the entire line for a year, say, take all the production. So what we've tried to help the IDs with is that everybody has gotten in a room, and they've kind of prioritized their projects together to help with the supply chain. I think that they've done all

that they can, through some of our help, to prioritize and do a little here and a little there, and I'll do more next year if you do this this year. Yeah, costs have increased for sure, but . . .

Ms Sweet: How are we going to ensure the viability of these projects long term, then, when it comes to – like, there's been a certain amount budgeted; there's been a partnership agreement between the federal government and the provincial government about what these costs associated with these projects are supposed to be. A 25 per cent increase is substantial on a budget. Is this going to impact future projects? Is this going to limit the amount of dollars that are being provided, which then will obviously impact future projects? Like, how are you managing the fund?

I appreciate the feds have come back and said that they'll match it, but that requires the province to also put in their dollars. What are the futures of these projects?

Mr. Horner: Are we talking about the big irrigation, like, joint with CIB?

Ms Sweet: Yeah. Well, whatever projects you're funding under the irrigation projects. The value of them is significantly shifting.

Mr. Horner: Yeah. The beauty of this: so far the IDs have acknowledged that they'll have to swallow the increase on that joint. We've said that we'll extend their timelines, and CIB has agreed to that as well, so that will help with some of this. But also important to remember is the composition of this: 30 per cent GOA; 20 per cent ID; 50 per cent CIB. That money is at 1 per cent over a very long time.

Ms Sweet: Yeah. The borrowing cost is 1 per cent. Okay. Yeah. Got it.

Mr. Horner: Yeah. By us being flexible, I know the conversation so far – Darrell said that dialogue so far says that between the IDs and CIB they will swallow it.

Ms Sweet: So you're going to push it so that the IDs will have to carry some of the additional cost?

Mr. Horner: We'll extend timelines if that helps. We're not expecting any more funds from us for those specific projects.

Ms Sweet: Okay. So the province isn't going to increase any funding for any of these projects.

Mr. Horner: Not the 92. That's all I'm talking about, the 92.

Ms Sweet: Yeah. Okay. So the 92 projects: some of them are done.

Mr. Horner: Forty-two.

Ms Sweet: Forty-two of them are done. So there is an outstanding balance of a couple of – we are going back into math; I apologize.

Mr. Horner: It's 50.

Ms Sweet: Yes. We have 50 projects that are still outstanding. Those irrigation districts are going to be responsible for any inflationary costs attached to it in partnership with the feds: that is what I'm hearing you say. The province isn't going to do the 20 per cent, correct?

Mr. Horner: All that CIB has agreed to and the GOA is extension of timelines.

Ms Sweet: Okay. That's fine. The GOA won't put any additional inflationary measures in place.

Mr. Horner: But at this time they've told us that they can handle it.

Ms Sweet: Yeah. They can handle it. You know how they're going to handle it? They're going to push that value back onto the consumer, right? So producers are going to have to pay the adjustment costs. Is that correct? The ID is not going to; the ID is going to have to find someone to pay the cost. Well, how else are they going to cover it?

Mr. Horner: The districts are producer owned, really, so it's all kind of . . .

Ms Sweet: Well, it's sort of producer owned. There's a fee attached to pull the water; there's a whole bunch of mechanisms in place.

Mr. Horner: Sure.

Ms Sweet: Okay. So it's an increase in cost on . . .

Mr. Horner: This is an ongoing conversation, too. Just for clarification as of right . . .

Ms Sweet: Well, I'm sure it's going to keep going now that I found out it's going to have to be passed off.

Mr. Horner: All I said was that the dialogue currently is that the IDs are prepared to swallow the inflationary costs, and we're going to extend the timelines.

Ms Sweet: Yeah. Of course, they were, because they'll just transfer it on to the producer to pay.

Mr. Horner: They are the producer.

Ms Sweet: Yeah. Okay. So the producer costs will go up for irrigation even though the promise was that the irrigation networks would be expanded.

Mr. Conrad: It's far too soon to say that. We're in dialogue.

Mr. Horner: Yeah.

6:20

Ms Sweet: Okay. Fair enough.

Let's look at expansion of agrifoods and agritourism. I mentioned this to you prior to us starting. We've only got two minutes, so actually it works out really well. The farming building codes, which I appreciate are under the Ministry of Municipal Affairs – in 2020 the international and national building codes were re-evaluated for farming infrastructure, and there was a decision made that any farm structure that was exceeding the low-occupancy rate would then have to be potentially meeting the commercial code, so that would mean fire-suppressant materials, occupant safety, structural design, heating, ventilation, air condition, all the things. Some of the rural municipalities have been doing work on trying to expand their rural economy through agrifood development and agritourism, and this has come up as a potential barrier.

Now, again I recognize that Municipal Affairs is the holder of this, but comments have been made that it is in consultation with Agriculture just given the fact that it's impacting the buildings. Minister, you have a minute and a half. I thought I'd just give you an opportunity to let producers know, because some are being told

it's going to cost, like, \$1.5 million to upgrade their front stores on the front of their dairy products, right?

Mr. Horner: Yeah. Thank you. Obviously, it's not in my budget, but I'm happy to comment. I would say that we're well aware of, you know, the proposed changes to the national building code, and I know the Minister of Municipal Affairs is also well aware. I think you said that. I have had a few conversations with her just between her and I. Obviously, my department probably doesn't know anything about this, but I definitely gave her my support and my opinion that it is my belief that there should be an agriculture exemption. I think it's probably too early days to understand where she totally sits on that file, but I'd say that we're well on our way to come into some kind of understanding.

Ms Sweet: Do you know what the definition of low occupancy would be? Like, what would they consider as the exemption?

Mr. Horner: I could have that conversation with her, but I honestly don't remember.

Ms Sweet: Yeah. I don't know either.

Mr. Horner: I can tell you this much. I know there are other jurisdictions that are going to pursue an agriculture exemption as well, so I don't think that we'll be alone in that ask. We'll probably be able to find some allies.

The Chair: Thank you, Minister and members.

We'll now move over to the government caucus for the remaining seven minutes, and I see Mr. Turton has the floor.

Mr. Turton: Yes. Thank you very much, Mr. Chair. Do we have permission to go back and forth, Minister?

Mr. Horner: Yes, please. That'd be great.

Mr. Turton: Awesome. Well, first of all, I just want to commend, Minister and the rest of your staff. It's been a long day. We've gone through math and arithmetic and a lot of questions that obviously affect so many people right around the entire province. I know it's coming up on that time, you know, for some coffee. It reminds me of a joke that my nine-year-old told me. He says: what do you call a sleeping cow? A bulldozer is the answer. I know we're coming to the end here, but we've only got six more minutes left, so we'll kind of plow through this. Another farm reference there. There's more after that. Stay for the prime rib.

Anyways, a couple of questions. You know, I just want to give a little bit of credit to what the Member for Lac Ste. Anne-Parkland was talking about in terms of ag societies. My riding is almost as urban as you can get, and I would say that the Spruce Grove ag society, that just celebrated its 50th anniversary last year, truly is one of the pillars of our community. I know, Minister, when you talked about the importance of the ag society in your area – granted, your area is much more rural than mine, but even in urban areas like mine, when you look at the three pillars of the kind of cultural fabric of Spruce Grove and Stony Plain, you would look at the Horizon Stage, you'd look at the ag society, and you'd look at the library. Like, it's that important even for urban areas.

So I'm just wondering, again, if you could just maybe highlight some of the important parts of this budget in which you're supporting ag societies, making sure that these organizations can continue to be viable, tell kids and the next generation in terms of our farming heritage. I know the Spruce Grove ag society just also received a historical designation at their grain elevator right in Spruce Grove there – in 2020 I believe it was – so the farming

community is alive and well out in our area. But I just wonder if you could elaborate a little bit on the importance of ag societies and how this budget addresses that.

Mr. Horner: Yeah. I appreciate the question. I do think it's very important, and we have gone through a few of the facts. We know that 283 plus seven is 290. There are little ones, and there are big ones, and we know that they all do a lot for their specific communities.

Maybe something I could add to this conversation – I know we've talked about the 2 and a half million dollar new line item, new program for infrastructure revitalization, quite a bit, but I should mention some of the value, and I think your colleague was trying to touch on this earlier. We do have some data for what these ag societies do pay back to their communities, and it came to us in a 2017 study by consultant Richard Hudson. He determined that the \$386 million in initial spending by the primary and regional agricultural societies and their attendees stimulated an increase in Alberta's GDP of \$404 million and a total economic impact or gross output of \$915 million. We all know anecdotally what they mean for our communities, but it's kind of nice to see that the studies that have been done can really show some measurable outcomes.

To speak to kind of the total value of the assets – like, that's how we got to this infrastructure revitalization question – the study also determined that the combined insured value of the assets owned or managed by agricultural societies is \$1.4 billion and that their cumulative attendance at their events and activities by others and those using their facilities would be around 7 and a half million people annually. So some pretty impressive numbers that would probably surprise a lot of people. They own or operate more than 900 facilities, trade centres, exhibition grounds, multiplexes, arenas, casinos, curling rinks, the whole gamut. So, yeah, happy that we're able to address some of those concerns in this budget, and I look forward to the conversations.

Mr. Turton: I appreciate the support and the comments, Minister. I know I was at the ag societies conference a while back with yourself and a couple of other members and just seeing the signs of gratitude from so many ag societies from around the province in terms of the support, Minister, that you have given them over the last little bit. I know it's greatly appreciated.

In the last couple of minutes I just want to talk a little bit about the value-added component to food processing. I've mentioned many times in the Legislature that as urban as my riding is, you know, we are blessed with some amazing value-added food processors here in my riding of Spruce Grove-Stony Plain. For example, we have Cargill. Many people around the table may not know that every McDonald's hamburger in Canada is processed and made in Spruce Grove. That shows the impact, creating hundreds of jobs here in our area. Also, Bee Maid, one of the largest

honey processors in Alberta, is also located in Spruce Grove as well. It takes in honey from as far away as Manitoba, all the way to the B.C. border, and it's a massive complex that just adds so much economic activity to Spruce and Stony.

I know that there are a number of tax incentives that your ministry is responsible for that help create the investment climate for Alberta so that these types of institutions and businesses can come here so that we can, you know, provide good-paying jobs for residents here in the province. I was just wondering if you could maybe highlight some of the impacts and the tools that your ministry has in place to provide that climate so that these types of businesses can locate to our province?

Mr. Horner: Yeah. Great question. I did very much appreciate going to the Cargill facility with you. I think that was on McHappy Day, wasn't it?

Mr. Turton: It was. I enjoyed the taste test. It was good.

Mr. Horner: So every McDonald's patty across the entire country comes out of Searle's riding – very, very impressive – and you get to learn that the big ones are four ounces and the little ones are 1.6 ounces, and they put them all out on a cookie cutter and into a freezer 26 feet high, and even though you live right beside it, they've still got to go to Calgary first and then come back to your McDonald's. We learned a lot of stuff that day.

Mr. Turton: Yeah, it was good. I tried to stop the burgers en route, but that's a different story.

Mr. Horner: Very incredible. And they actually had a McDonald's stove and staff on-site. They cooked us one up and grilled it up, and we did a taste test.

Mr. Turton: It was pretty good. And then a second taste test after that as well.

Mr. Horner: Yeah. But, no, I'd say that the main tool – very excited about the tax credit, obviously, but the other tools I would mention, the emerging opportunities . . .

The Chair: Thank you. Sorry to interrupt, and now that everybody is hungry – I apologize for the interruption, but I must advise the committee that the time allotted for consideration of the ministry's estimates has concluded.

I would like to remind committee members that we are scheduled to meet tomorrow, Thursday, March 9, 2023, at 9 a.m. to consider the estimates of the Ministry of Environment and Protected Areas.

Thank you, everyone, for your input. This meeting is adjourned.

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

