

**LEGISLATIVE ASSEMBLY OF ALBERTA**Title: **Tuesday, June 13, 1989 8:00 p.m.**

Date: 89/06/13

[The Committee of Supply met at 8 p.m.]

head: **COMMITTEE OF SUPPLY**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Members of the committee, it is now 8 p.m.

head: **Main Estimates 1989-90****Agriculture**

MR. CHAIRMAN: We have the Department of Agriculture's estimates before us this evening. They are to be found commencing at page 31 of the main book and page 5 of the elements book.

I would recognize the Minister of Agriculture to introduce the estimates.

MR. ISLEY: Thank you, Mr. Chairman. First of all, I would like to introduce to the House some members of our departmental staff and office staff that are up in the members' gallery. I would ask that they stand as I introduce them: our deputy minister, Ben McEwen; assistant deputy minister, planning and development, Doug Radke; assistant deputy minister, production, Harold Hanna; assistant deputy minister of marketing, Barry Mehr; assistant deputy minister, field services, Bill Dent; our director of finance and administration, Dave Yakabuski; head of our budget branch, Larry Lyseng; general manager, Alberta Hail and Crop Insurance, Glenn Gorrell; comptroller, Alberta Hail and Crop Insurance, Larry Bannerman; executive assistant to the associate minister, Doris Armitage; special assistant to the associate minister, Louise Riopel; and my executive assistant, Brad Klak. I would like to thank them for attending the House this evening, and I'm sure you'll hear some interesting debate about the department that you spend all your time working with, some very positive and some very negative.

Mr. Chairman, the Agriculture budget before us reflects the fiscal guidelines of this government, but at the same time it provides increasing support to agriculture, Alberta's primary renewable resource and a key economic strength. Agriculture directly and indirectly employs one-third of this province's work force. Committed to helping the farming sector meet their many challenges, this government is responding with an extensive agriculture and food program. The budget provides and meets this government's threefold thrust by, number one, maintaining producer income by providing a strong safety net through stabilization and insurance programs; secondly, reducing producer input cost by providing access to less expensive fertilizer, feed grains, and credit; and thirdly, developing a more competitive and diversified agriculture industry through initiatives and research, soil and water management, transportation, market development, and food processing.

The Premier has many times reaffirmed these thrusts by stating that the agricultural sector is the first economic priority of this government. Including the Agricultural Development Corporation, the research institute, and the hail and crop corporation, our estimates provide for an 11.9 percent increase, with a

total budget of \$318,798,488. In addition and as indicated by the Provincial Treasurer's Budget Address, agriculture and rural programs of all departments bring the total commitment to the farmers, ranchers, and processors of this province to over \$600 million.

To alleviate rising farm input costs, my department's budget provides for the continuance of the farm fertilizer price protection plan, the farm credit stability program, which has been a very popular program that has been expanded, and the Crow benefit offset program. Funding of the farm fuel distribution allowance program has been increased by Treasury, and natural gas price protection to primary agricultural producers will continue in Transportation and Utilities.

To assist honey producers who have experienced severe price and income fluctuations, Alberta has spearheaded and joined a honey tripartite stabilization program. This program, along with similar national programs for red meats, edible beans, and sugar beets, will stabilize market returns during periods of low prices or high costs, assuring more consistent incomes to our producers.

Support to marketing has been increased. Not only is additional funding provided for domestic and foreign market development, the U.S.A. and Japan in particular, but an increase has been allocated to trade policy development during the multi-lateral trade negotiations.

During the past year the Agricultural Development Corporation implemented a series of measures to help all of its borrowers and in particular the borrowers experiencing financial problems. The most notable new initiatives are the indexed deferral program, and my feedback from many young farmers is that this program is a tremendous help to them. Within the Ag Development Corporation we have been reorganizing and decentralizing with the goal being to provide more responsive service to our farm clients in all areas of the province. In the agribusiness area, ADC is working to tailor its lending to the needs of the primary and secondary processors who can provide Alberta with additional economic diversification.

With that I now turn to my colleague and the senior partner, the associate minister, to highlight the activities under her responsibility.

MRS. McCLELLAN: Thank you, Mr. Chairman. It is indeed my honour and privilege to address this committee for the first time as the Associate Minister of Agriculture. I think I'm pleased to hear my colleague refer to me as his partner, but I didn't think he'd get into age.

I do think that a partnership is appropriate in this portfolio, and I think this partnership is designed to work well on behalf of our farmers and our rural people. As you're aware, Mr. Chairman, my departmental responsibilities include the Hail and Crop Insurance Corporation, Surface Rights Board, research, irrigation and resource management, rural services, and the six regions of field services, including over 66 district offices.

Through the Alberta livestock drought assistance program, the '88-89 budget fulfills this government's commitment made last year when livestock producers were suffering financial pressures as a result of drought conditions throughout the province. Because of this commitment, breeding stock was maintained in our growing beef industry.

In addition, the budget provides funds for the farm water supplies assistance program, and in specific these applications received but not completed in 1988. This program was also an-

nounced and implemented in '88-89, when rural landholders and communities were facing critical water shortages.

As indicated in the Budget Address, a new program will be implemented in '89-90 with funding from the Heritage Savings Trust Fund. The private irrigation water supply program will assist producers in developing irrigation systems on their land where the source of water is readily available and a water licence can be issued.

Mr. Chairman, because of this government's high priority on soil conservation and recognizing the need for better management of this basic resource, this budget provides for a soil conservation initiative program. This initiative will be privately implemented through the ag service boards primarily. The current Canada/Alberta soils agreement will also carry on.

I'm pleased to say that after a one-year moratorium, funding of ag societies' capital facilities has been reinstated, allowing societies to be eligible for a once-in-a-lifetime grant to a maximum of \$75,000. Their role in rural Alberta is vital, and the reinstatement supports this government's commitment to the quality of life in rural Alberta.

Funding of ag service boards has been increased, including funds budgeted for the anticipated formation of perhaps two new service boards.

We continue to recognize in this budget the benefits of the 4-H program to this province. I had the honour to participate in the 4-H selections in Olds last month and would congratulate all of the members on their achievement at its selections and, in particular, would note the winner of the Premier's Award, Claudelle Sequin. Mr. Chairman, we have 456 4-H clubs in Alberta with about 7,200 members and, maybe more importantly, with about 2,500 volunteer leaders. These indeed are important to our rural area.

This budget provides for the implementation of comprehensive changes to the Alberta hail and crop insurance program and for the more efficient operation of the corporation. This program is now under review, and this government will continue to press for improvements, as discussed with Alberta farmers and producer organizations.

Proclaimed in 1987, the Agricultural Research Institute continues to perform a key role in the provision of grants to deserving projects and the co-ordination of the many research agencies in the province.

Mr. Chairman, I look forward to the debate and the questions on this budget tonight. Thank you.

MR. CHAIRMAN: Thank you.

I recognize the hon. Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. [some applause] Thank you, members for Lethbridge; I appreciate that.

I'd like to congratulate both ministers on their appointments and wish them well in their terms as ministers of Agriculture. I recognize that both of them have considerable experience in the industry and share a commitment to doing whatever needs to be done to improve the situation of the agriculture industry, the people involved, and the communities. Though we may on frequent occasion disagree on the substance of issues, I think we do share some common goals.

I would like also to express my appreciation to the staff in the Department of Agriculture, from the deputy minister all the way to the people who are involved in the direct delivery of service to rural Albertans both through the district home economist

offices and the district agriculturist office. From my experience and the experience of my constituents the department staff make every attempt within the limits prescribed to help the people in rural Alberta in any way possible, and I appreciate that.

I would also like to introduce to the Assembly, although I'm not sure I can see him, someone new to our office, working as an agricultural researcher, no stranger to the industry and no stranger to members opposite. John Kolkman, former research and policy adviser for the Christian Farmers Federation, is someone with a long history of involvement in our industry and a deep commitment and a very broad understanding of the issues that confront rural Albertans.

I do have some specific questions, and I was hoping that the ministers may be a little more forthcoming with some of the specifics of their budget. But because they were general, perhaps I'll be general, too, and make some reference to the throne speech. I like to hear the Premier talk about agriculture as the government's number one priority and hear him talk about education as the number one priority and drug abuse as the number one priority and the family as the number one priority and Stettler as the number one priority. I'm kind of mixed up. Maybe they're talking about drug abuse for farm families in the Stettler constituency, and you roll it all together and you've got a number one priority.

MR. ADY: Hidden agenda.

MR. FOX: It must be. The Member for Cardston dunks there's a hidden agenda there. I'm not so sure he'd want to be that cynical, but nevertheless there is this constant reference to several different departments of government as the number one priority, and I guess that slogan has been stuck with agriculture. Frankly, I'm not convinced, based on the success and intent of some of the programs that I see coming forward.

In terms of a broad statement about the department, I must say again that I don't see the sense in having two ministers of Agriculture. As much as I like both ministers and respect them and would be hard pressed to choose between them, I think a bad precedent was set when two ministers were appointed. It's a precedent that gave rise to the appointment of two ministers in another government department. We now have 26 or 27 members of Executive Council, and I don't think that's a very good example to set for Albertans whom the government's trying to convince need to do a little bit of belt-tightening and accept less in the way of service from government. So as a general comment I think, you know, former ministers of Agriculture used to get by and handle the responsibilities quite well on their own, and if the minister and his associate agree with me, I'd be happy to flip the coin and help make the decision there, because I recognize it's hard to choose between them.

I would like to comment very briefly on a couple of the program initiatives that were outlined by the ministers in their opening remarks. I guess the first ones that I should make reference to are the drought assistance programs that were initiated by the provincial government last year. I again want to take my hat off to the former Minister of Agriculture and the chairman of the caucus committee on agriculture and the members opposite, who I think put together quite a comprehensive and responsive program that met the needs of rural Albertans suffering the experience of that devastating drought last year.

I think there were a number of concerns that were brought to the attention of the then Associate Minister of Agriculture re-

garding the problems of implementation with the forage insurance program and the way that payments under the livestock drought assistance program were linked to that program. I think some good representations were made regarding moving towards individual coverage for the forage insurance program in much the same way that we've been able to achieve through the all-risk crop insurance program.

But in talking about crop insurance, I must make note of the fact that the Agriculture estimates contain no budgetary provisions, as I'm aware, for the cost sharing proposed by the federal government, you know, for the crop insurance program. The federal government in their budget documents made some reference to hoping to save about \$90 million in the coming fiscal year by encouraging provincial governments to assume a greater share of the cost of crop insurance. As members know, the federal government in Alberta has paid 50 percent of the premium costs, the producers 50 percent, and the province has been responsible for the administration costs. As the cost of crop insurance has gone up, the total administration costs represent something less than 10 percent of the overall costs now. There may be room for negotiation. I'm not disputing that. I'm just making note of the fact that the budget presented makes no provision for the off-loading of that fiscal responsibility from the federal government to our government.

I'm wondering what comments the minister might have to say about that. If negotiations are under way to have the provincial government assume a greater share of the cost of the all-risk crop insurance program, when can we expect those arrangements to be completed? What budgetary implications will that have? To the ministers: will the provincial government give the farmers of Alberta the assurance that those additional costs will indeed be picked up by the Department of Agriculture budget and not be passed on in the form of increased premiums to producers? We could note that the premiums would likely rise in the order of about 25 percent if it was passed on from the federal government through the provincial government to the contract holders. I think there's a lot of information that needs to come to light not only about the proposed changes to the crop insurance program but also the fiscal arrangements that are in place between the two governments.

Another issue regarding drought that the minister and I have pursued with some limited success in question period is the Canadian crop drought assistance program. I guess I've been trying to get the minister to admit that this government has been content to sit back and wait for the federal government to deliver on this promise whenever, because the provincial government is involved in some behind-the-scenes negotiations, attempting to get some agreement from the federal government on a number of different program issues. If that's the case, I wish the minister would admit it, either admit that that's what's going on or else explain to the farmers of Alberta why he hasn't expressed any concern whatsoever that that much promised assistance, due early in the new year according to the promise made by Mulroney in the election, still isn't here.

Now, some farmers got some money. Those in the severe drought-affected zones received some money in, I guess, early May from that program, but the balance is yet to arrive. I've heard talk at various levels, even within the Department of Agriculture federally, that the money expected to arrive some time in July might not come until August or September because there are all these behind-the-scenes negotiations going on. The objection I have to that, Mr. Minister, is that I think the needs of

farmers are playing second fiddle to the political manipulations of two levels of government. Now, if you're a farmer -- 800 acres, let's say, in a severely affected drought zone -- and you grew wheat, according to the estimate of the program anyway, you might be eligible for up to \$40 an acre. Well, let's say that's 32,000 bucks. Maybe your initial payment was 8 or 10 [percent], so you've got \$30,000 owing you that should have been here a few months ago, quite frankly.

Every month that that money is delayed, every month that you don't have it in your pocket, you know, you're running up interest charges on trade accounts, for example. If you didn't have that money before you incurred the costs of putting in your crop in 1989, you had to go to the fertilizer plant or your local bulk fuel dealer and borrow for the inputs that you had to put in. And the interest on those accounts is outrageous: 24 percent. So you can imagine if we're dealing with a producer who might be eligible for up to 30,000 bucks, that's -- what would rough calculations be? -- \$600 a month in interest charges, maybe, on that sort of thing? So I think the failure of the Mulroney government to deliver on that promise in terms of timing has a direct impact on Alberta producers, and it ought to be something that concerns the ministers of Agriculture as much as it concerns me.

Again, it apparently doesn't, and I wish they'd be forthcoming about just what's going on behind the scenes in negotiations. Is the minister hoping, for example, that if he can get the federal government to agree to move on the method of payment of the Crow benefit, the saving of some \$45 million to \$70 million in the Crow benefit offset program, depending on whether you look at the estimates or actual expenditures over the last few years, will justify the province kicking in half of the total cost of that program as far as the feds are concerned this year? I'd like to know what's going on, and I think farmers have a right to know what's going on.

Other things I think ought to be of interest to the ministers of Agriculture that I didn't hear them talk very much about: the efforts of the borrowers' advocate, certainly something both ministers are aware of, and I'd like to commend Mr. Whaley for making every attempt to keep all members of the Assembly aware of his activities. He's led the battle on behalf of farmers to fight the bank interest overcharges. As members know, there was a period of time when banks were charging variable rates of interest on notes that permitted them to charge only fixed rates. They got away with that up until about 1981 sometime, when the mistake was discovered, the changes made, and now everyone assumes that the rates will vary, and they'll be charged that varying rate. But in the interim there was a period of time, when interest rates were rising quite dramatically, that farmers experienced severe overcharging. The estimates vary as to the amount of bank interest overcharges, but I've heard anywhere from \$1 billion to \$2 billion to \$3 billion, perhaps, in excess interest charges amongst farmers in Canada. That's a significant amount of money and, I think, money that this government ought to be trying to help farmers collect.

I know from my experience that if I make mistakes, I pay for them. The banks made a mistake, and they should pay for the mistakes they've made. One could just imagine the benefit to rural communities of the influx of that much cash if the banks were to admit to their error and determined that they would repay the money they took illegally from farmers in the 1978 to 1981 period. I think that would be a big boon to agriculture and something that the ministers of Agriculture could indeed be

proud of in terms of their efforts.

Mr. Whaley will be coming through Edmonton on June 26 in his drive for better banking, trying to generate interest in the issue again, gain support. I think it's appropriate that this government come forward with some recommendations. I recommended to the Minister of Agriculture and the Provincial Treasurer last year that they take a serious look at trying to determine exactly how many farmers were owed how much money as a result of these charges, make some effort to help farmers recover that money so they don't get lost forever in expensive legal tangles in the court system, that some changes be considered in terms of the statute of limitations Act so that farmers don't find they just run out of time in terms of pursuing these charges. A more reasonable thing, rather than a certain fixed period of time before charges could be initiated, would be, I think, to say that farmers have, say, six or seven years, whatever the statute is, to initiate a claim against the banks after they became aware that the violation had occurred rather than using the date of violation as the limit there. So I hope the government will be coming forward with some recommendations that will help the farmers of Alberta in that regard.

I haven't heard much talk lately, Mr. Chairman, about ethanol, and it's an issue that I've raised in this Assembly repeatedly and found no sympathy anywhere on the other side of the House. It's a disappointment to me because I think that ethanol, the production of grain-based fuel alcohol, presents many opportunities for our province. I guess the most obvious one is that it's a regional economic development opportunity. Ethanol plants, you know, can be built in areas outside of our major cities and provide employment opportunities locally for people in smaller communities outside of our two major cities. It is something that would provide a stable, domestic market opportunity for grain producers. You know, we're all keen on pursuing export opportunities for grain, and certainly our industry is export-based, export-dependent. But the most reliable markets over the years have been the domestic markets, and anything we can do to stimulate and enhance the domestic market opportunities for grain producers ought to be pursued with vigour. I think if we took a closer look at ethanol with that in mind, we'd be helping grain producers in that regard.

The environmental benefits of ethanol don't seem to interest members opposite, and it's a puzzle to me. The federal government made a decision to bump up the date requiring the removal of lead from gasoline to, I think, December 1991. Now, I remember suggesting it in the Assembly here a couple of years ago to the then Minister of the Environment. He thought it a ridiculous suggestion. About six months later the federal government came forward with plans to bump that date up one year because they recognized that lead is a serious pollutant. It's more harmful than previously believed, especially in terms of inhibiting the normal development of children. The need to move toward lead-free, clean-burning fuel is a very real one. I might remind members also that ethanol is a renewable source of energy, one that can be accessed again and again and again. So there are lots of environmental benefits.

There are other right-wing governments in North America pursuing ethanol opportunities. Mr. Chairman, we should make note of the efforts of President Bush. He's a staunch proponent of ethanol. In spite of claims that I've heard from members opposite that ethanol plants are shutting down, that the industry's in shambles in the United States, there's progressive legislation coming forward in a number of states in the United States that

will mandate a certain level of oxygenate content in exhaust emissions in areas that experience severe air pollution. They're moving towards . . .

MR. McINNIS: They're waiting for Dan Quayle to come on side.

MR. FOX: They're waiting for Dan Quayle to come on side, if they could ever find him.

President Bush is a serious backer of the ethanol alternative. They recognize that it has the opportunity to make some dramatic steps towards cleaning up the polluted air in the United States.

The impact on the greenhouse effect is not to be overlooked. Ethanol recycles atmospheric carbon. The grain takes carbon out of the air during the growing cycle. Ethanol puts it back into the air when it's burned in the form of fuel. There's no net increase in the carbon dioxide load of our biosphere. When you deal with fossil fuels, Mr. Chairman, you're digging deep into history, pulling carbon out of the ground, burning it, and continually adding to the atmospheric burden of carbon dioxide, leading to the greenhouse effect. I guess we could debate the import of the greenhouse effect, but certainly it's something that all agriculturists are taking a serious look at. If it is indeed something that's occurring in the world, it's going to have a dramatic impact on agriculture in Alberta. Ethanol, you know, is not the answer to solving the greenhouse problem, but certainly it's a step in the right direction and another good reason for looking at this industry as an alternative for Alberta.

The opportunities provided by dry distillers' grains, the by-product of ethanol, Mr. Chairman, ought not to be overlooked by this government. We import a lot of protein supplements to be mixed in animal feed products. Certainly, the dry distillers' grains, with a protein content in some cases of up to 40 percent, could save Alberta producers a considerable amount of money. It ought to be noted that there is some effort made to promote DDGs as a food additive for humans as well.

Mr. Chairman, indeed, a group of farm women from just across the border -- maybe the Member for Cardston would know these folks just across the border in Montana -- recently went to Washington and met with a committee of the House there and fed them with a number of products that were baked using dry distillers' grains product, protein-enhanced food products based on an ethanol industry.

So it's an industry, in my view and the view of the New Democrat Official Opposition, whose time has come. All that we've asked this government to do is put in place an incentive program that is at least as attractive as the incentive programs in the provinces adjacent to ours, so that if an industry is to develop, it's got as much of a chance to develop in Alberta as anywhere else. That's all that I've asked. If, as this government contends, the industry has got no hope, there's no economics in it, and we'd prefer to, you know, offer massive subsidies to the oil industry but we're not prepared to give any incentives to the ethanol industry; if their contention is true -- and they're pursuing the MTBE alternative, it seems -- then the incentive program that I propose wouldn't cost the government a penny, not a penny. Because no one would take them up on it.

But what do we have, Mr. Chairman? We have a recent announcement that there is going to be an ethanol production facility built in our neighbouring province of Saskatchewan, where they have a reasonable incentive program in place 10

times as generous as the one we have in Alberta: 4 cents a litre break on the fuel tax. The plant's being built in Lanigan, Saskatchewan. They were able to get some generous help through the western diversification initiative, money unavailable to us because this government hasn't taken a serious look at it. I'm hoping that with some fresh, young, new ideas embodied in the two ministers of Agriculture, we'll get some movement on this.

I would encourage them to do what I have done and go to Minnedosa, Manitoba, and see what a fuel alcohol distillery looks like, what a production facility looks like. Because in spite of the claims of this government that it can't be done and that it's not economic, they're doing it in Minnedosa, Manitoba. It's alive and well and thriving in Minnedosa, and they're marketing ethanol blend fuel in our province, Mr. Chairman. Without a subsidy here, they're accessing the premium fuel market by selling what is described as the highest octane fuel available in the marketplace, called Premium Plus. You can buy it at your Mohawk dealers. Maybe they'll give me a hat for that.

I would like to talk briefly about the farm fuel distribution allowance program. I notice that has an impact of some \$109 million on the Treasurer's budget, I believe. I would like to refer briefly to that. It's certainly a program that's going to be welcomed by farmers, as I stated in question period the other day. But I do have serious concerns about a government that seems so cynical in the way they make decisions. Because it was just two years ago that this government added a nickel a litre to the cost of not only purple diesel but purple gas as well, at a time, I submit, Mr. Chairman, when farmers could least afford it. Grain prices were rock bottom; net farm incomes were dropping. It was certainly the wrong thing to do at the wrong time, and I was alone in my efforts to try and convince the government not to proceed with that move at that time. Certainly, if it had to be done, at least wait until the end of the crop year, so farmers didn't have to, you know, cope with this unanticipated extra 23 cents a gallon expense just as they're going into seeding time. But I got no sympathy for that motion on the other side of the House, because the Provincial Treasurer had this fiscal plan that he needed to keep on target. And we've all had a chance to see how successful his fiscal plan has been, Mr. Chairman.

MR. TAYLOR: He's fallen off.

MR. FOX: Yeah, he's kind of fallen off the wagon there on that fiscal plan. The wheels have fallen off his fiscal plan.

What do we have in 1989? Well, the Conservative government needs some votes. There's an election coming up, so they decide to reinstate the program, I submit not driven, Mr. Chairman -- though I'd like to think it would be -- by the real need of the agricultural community, because the need was there two years ago, in fact greater two years ago, but driven by the cynical needs of a government seeking votes. So I'm glad they put the program back, but I would think that a government of conscience would try and do a little bit more long-term planning, not take a nickel away when they're in their budget cutting mode and put a nickel back when they're going into an election. Who knows what's going to happen next year? Maybe they'll take it away again. I think farmers deserve a little bit more long-term consideration from a government that purports to have agriculture as its number one priority.

The minister mentioned the tripartite stabilization program for honey. I think that's a good initiative and certainly one that

I think will be supported by the industry. I think it shares the flaw of all stabilization programs, and that is that the price established bears absolutely no relation to the cost of production, instead being something that is determined based on prices over the previous several years. There is an assumption implicit in that formula, Mr. Chairman, and that is that the price was at some time fair, you know, that it has in the past been fair or adequate or what the producer needed. That's not the case. The western grain stabilization program's getting into all kinds of problems because the low prices are now endemic and built into the formula, and that's what each subsequent year will be judged against. So I think there's a basic flaw in all these stabilization programs, but certainly, it's better than nothing. If I had a hat on, I'd be prepared to take it off and tip it to the minister for the tripartite stabilization program for honey.

I should make note for the Member for Westlock-Sturgeon, who seems to get his nose bent out of shape whenever we talk about honey stabilization, that the Member for Vegreville has not, does not, and will not receive one single penny from that program.

MR. TAYLOR: Lazy bees?

MR. FOX: Not lazy bees. No time to produce honey any more, Mr. Chairman.

I do want to talk at some length about the debt crisis that I think is still serious and still confronting a number of farmers in rural Alberta, but I recognize that I'll have a chance to address that at some length in the context of my motion on the Order Paper, Mr. Chairman, that proposes a number of, I think, very progressive and dramatic changes to the interest rate policy, and positive, very positive changes; some programs that I think are better than the ones enunciated by the Premier during the election for the farm credit stability plan Act, and I'll save getting into that.

I think it appropriate that some comment be made about the Crow benefit offset program. It's being reduced again in this budget year from \$13 to \$10. I remember a couple of years ago when it was reduced from \$21 to \$13. Now, we could have an interesting debate about the import of the program. The method of payment issue is a broad one, but certainly as a direct producer subsidy, I think we have to all recognize that that infusion of cash into the farm community is of great benefit and has a multiplier effect on the rural economy overall. So I'm not going to stand here and argue against the Crow benefit offset program even though I don't share the government's philosophic commitment to changing the method of payment, but I think it's important to note that what's happened with this Crow benefit offset program should tell us what's likely to happen with the Crow benefit should the method of payment be changed. That is that it's subject to political manipulation from year to year, and governments faced with deficits may look at subsequent cuts in that.

The Crow rate originally was something that was guaranteed in statute. Railways were required to haul all of the grain produced for export in the prairies to port at a fixed cost forever. They got incredible benefits for that. You look at Marathon Realty, Cominco mining, all those things. I mean, that's a debate that's gone on in here before; I don't have to go over it. But it was guaranteed in statute, and as soon as it was taken out of statute, it became politically vulnerable. I think if the Crow benefit is decided by governments, federal and provincial, that instead of having the federal government treasury pay the rail-

ways that \$21 or \$23 a tonne towards the shipping of grain and they want to off-load that burden on to the producers of export grain -- if they want to do that, I think we have to recognize that that becomes politically vulnerable, that, you know, there are some areas in the country where taxpayers are getting quite anxious about money going to agriculture. They don't like their dollars being spent to support farmers.

I don't sense we've reached that point in Alberta, and I'm glad. I think there's a good understanding in urban areas just what the reality of rural Alberta is and how dependent urban Albertans are on the success of rural Canadians, but I think it fair to note that that program is politically vulnerable already. It becomes more so if the method of payment is changed, and certainly the vulnerability of the Crow benefit in total was highlighted by the inclusion of the clause in the free trade agreement that prohibited the use of transportation subsidies to ship product into the Pacific Northwest. It was something the government federally agreed to, and that for the first time identified that...

[Mr. Fox's time expired]

MR. FOX: You'd better check your clock there, Mr. Chairman. I think it's not working. I'm sure I've only been up for about five minutes.

MR. CHAIRMAN: Maybe next time around, hon. member.

Hon. minister, to answer the questions raised by the Member for Vegreville.

MR. ISLEY: First of all, I would like to thank the hon. Member for Vegreville for his opening comments. For a while there I thought we were going to get into a real love-in, but then things returned to normal. Secondly, I'd like to clarify the confusion in the members' minds re comments on "number one priority." I've heard the Premier consistently saying that agriculture is the number one economic priority of this government. Education is the number one, if you wish, social priority of this government. Drug and substance abuse is the number one problem attacking our youth and families that we wish to attack. I'm sure the number one priority constituency in this province in the Premier's mind is Stettler, just as Bonnyville is in my mind and, I would hope, Vegreville is in the hon. member's mind.

Contrary to the hon. member's comments I, for one, was tickled pink with the move to two ministers in the agricultural portfolio. I think with the importance of agriculture, the growth that we're trying to develop in agriculture, the number of agricultural groups that we're working with out there, I am certainly thankful that I have an associate minister that I can shovel about 80 percent of the load off to so I can handle the other 20 percent.

A couple of comments on the drought assistance program, and I'm going to leave any comments on forage insurance and cost sharing of crop insurance to the associate minister. The hon. member made some references to expressing concern about the linkage of payments on the cattle drought program to the forage insurance program. I, for one, thought that was a wise decision made by our predecessors and the federal counterparts in that it certainly drove home to producers the importance of the insurance program and I think sent a signal out that, hey, as long as that network is there and you choose not to use it and another serious drought occurs, don't expect a similar reaction from government, because we now have the safety net in place.

The hon. member continues to suggest that we're rather apathetic toward pressuring the federal government to speed up their payments under the Canadian crop drought assistance program. I think I can assure the House that I probably spend more time in discussions and encouraging movements on behalf of the hon. member's Member of Parliament than he does, but I also have a lot of confidence in the producers' ability to pressure other levels of government. I think most of our producers recognize that as well as being represented by a member of this Assembly, they're represented by a member of the House of Commons, and I don't think it's my role, unless I'm pressured by producers, to get in between them and their federal representatives.

Comments were made about, you know, that additional need for money, and I suppose I could say in response that I feel very little pressure coming from farmers or producer groups, saying, "Hey, get on the bandwagon and start lobbying the federal government on our behalf." I think my input up to this point in time from farmers, more so than from producer groups, has been pressure to get government a little more removed from their lives and that they don't want to run an industry that is dependent upon a political decision.

I think that leads me to the only comment I'll make with respect to the borrowers' advocate that the hon. member is holding in such high esteem. This matter has been brought to my attention directly by one Member of this Legislative Assembly. I've heard from one farmer. I haven't heard from any producer groups on this or any commodity organizations that they expect the provincial government to play a role in between them and their bankers. If I were hearing that, I would certainly be prepared to respond to it. But I don't think it's our job as a provincial government or my job as a minister to run out and say: "You can't handle your own business affairs. I'm going to slide in between you and take care of you." I realize that's the socialist way; you wouldn't want them to be out there making decisions. But our way is to encourage self-reliance, encourage independence, and encourage people to do their own thing.

I notice Motion 218 on the Order Paper, sponsored by the hon. Member for Ponoka-Rimbey, relates to the ethanol industry, and I think that member will be pleased to see that you're supporting some of his efforts.

I, over the years, have listened to a number of proposals with respect to ethanol plants in various locations around this province. I have yet to see one proposal that could stand on its own and didn't require a long-term government subsidy. There is nothing preventing any company from developing a plant at this point in time, and we're certainly not stopping them. If it's assistance in terms of loan guarantees, possibly grants, under APMA, you know I'm quite prepared to talk to any serious proponents. But in my mind we've got to have a proposal that is going to, in the long term, stand on its own feet and not require an ongoing subsidy from the people of this province. So if you have any proponents that fit that criteria, you know my office number.

The farm fuel distribution allowance. We again hear that we're taking away and then giving back. I think at the point in time when we took that off, the farmers in this province were well prepared to assist us in our fiscal plan. Contrary to comments made, my last reading of the fiscal plan was that it was still on track and we'll eventually reach our goal of a balanced budget so we can then attack the accumulated deficit. I think I will probably be around here long enough to see that happen.

I think the agricultural policies of this government were strongly welcomed by the producers of this province, and their support for them was strongly shown in the polls on March 20 and again, very dramatically, reaffirmed in the by-election polls in Stettler on May 9. Because if I checked the rural part of this province, particularly the constituencies that have a large, strong agricultural industry, with the exception of very, very few, they're all represented by members on this side of the House. I think that says something about how well our agricultural policies are being received in rural Alberta.

Stabilization programs, I think, as the member said, are a good thing. I would agree with the member that there are probably some that need some fine tuning. I think I've already indicated publicly that once we get the fine tuning done on those programs, that's the point in time when I think we as a government can step back and say: "Mr. Businessman Farmer, here are your range of tools to use in your business. You pick and select what you think fits your operation, but if something goes wrong, remember you had the opportunity to insure against it or arrange financing to counter it. You're on your own."

Debt crisis. I will look forward to the debate on the hon. member's motion on the Order Paper, because I don't view at this point in time that there is a debt crisis in this province when I see the number of foreclosures declining, the number of quitclaims to ADC declining, the increased demand for new financing -- not refinancing -- through the farm credit stability program, the increased demand for financing that is moving out this year under the Agricultural Development Corporation. I think if we were ever getting close to a crisis, that is now behind us.

Crow benefit offset. You know, I have a little difficulty following the hon. member's line of reasoning on this one because, first of all, it seems to me that if you don't want this province to grow, if you don't want the agricultural industry to grow, then you hang on to the sacred cows of the past. You know, the original Crow benefit was designed for an economy that was going to produce, store, put on the railway, and export. And if that's your vision of rural Alberta in the future, with less and less people in it, larger and larger, more mechanized farms, then that's a little different vision than we have on this side of the House. The only way we're going to get a strong, vibrant rural Alberta is to create the opportunities for secondary processing, value adding, and a variety of communities around this province so that we can increase employment levels, get more people into our communities, get more children into our communities, keep our schools operating, and so on. You can't do that by maintaining a program that deliberately encourages people to export raw products.

Why did we reduce the Crow benefit offset program? I was asked this question last night at a meeting with a large number of Cattle Commission people present and again this morning at the Pork Congress in Red Deer, and my answer to them, which I think they all accepted, was threefold. Number one, to be consistent with fiscal restraint. If we were putting new money in various programs in our budget, which we did, we had to be responsible and find some savings. So we analyzed programs that we felt we could make adjustments to without destroying the purpose of the program and without causing too much pain in the industry and reduced the Crow benefit offset, effective September 1, by \$3 a tonne. We also did some looking at the real distortion that is caused by the Crow benefit program and found over the last five years that it's varied from \$10 a tonne to \$17 a

tonne. Now, that's different than the amount that is paid to the railway, and there are other factors that come in. It was interesting that the cattleman that I was explaining it to, or the lead man in the group, who's a very knowledgeable individual, looked at me and kind of smiled and said, "Ernie, you guys finally discovered there was a difference, did you?" So he, I think, was psychologically prepared to accept it.

The third reason I gave was: look, maybe you guys are getting a little too apathetic and a little too quiet. If we're going to bring about a change in the method of payment, you know, I think our window of opportunity is the next 18 months. And this is the point in time when you should be talking quite strongly to your Members of Parliament to make sure they understand the issue, they understand your level of support, because when we went into this program initially, it was a program designed to bring about change. It wasn't a program that we intended to stay in forever.

Having made those comments, I will turn to my partner and see if she wishes to add any.

MR. CHAIRMAN: The hon. associate minister.

MRS. McCLELLAN: Thank you, Mr. Chairman. I will just comment briefly on the drought assistance and the Alberta hail and crop comments that the hon. member made.

First of all, I want to thank him for his compliment to this group who put together the drought assistance program. I think we are very proud of them, and I think it does show that a government can be reactive and responsive in a very short time when our producers are in need. I thank him for his comments on those programs. They certainly were well received across the province.

Crop insurance. I tried to explain the situation in the House the other day. I guess I wasn't very clear. But I would just like to emphasize that there would not be a reason for us to include, or for me to include, in the budget a cost sharing at this point. I did explain that we do have a five-year agreement with the federal government which cannot be changed without mutual agreement of all parties. The other thing that I explained and I want to emphasize is that any discussions that we have in changes to the Alberta hail and crop insurance program, whether it be cost sharing or anything else, is definitely on a commitment to our producers for an enhanced, better program that is more responsive to their needs. We have said and I will say again that that will not be borne on the backs of our producers. That is our commitment, and I hope the hon. member has that clear. That is why it is not included in the budget, and that is our commitment to the producers. I would welcome any input from the members opposite on improvement to that program. I haven't seen it yet, but I look forward to getting it.

MR. CHAIRMAN: Thank you.

The hon. Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you very much, Mr. Chairman. I'll also follow the lines of the hon. Member for Vegreville, not so much to compliment the co-ministers, Mr. and Mrs. Agriculture, but I congratulate you and also assure you that down through the months or the years ahead -- it depends when the party wants to go back to the people for an election -- I will be pursuing and arguing and questioning you very strongly. Now, I guess the only consolation you can take is -- I remember years ago one of

my sisters coming home from school crying because she'd been teased by some of the boys in class. My mother's answer was, "Well, you know, if they didn't like you, they wouldn't tease you." So that's the only thing I can say to Mr. and Mrs. Agriculture. If I didn't love you, I wouldn't hound you.

MR. FOX: Better not love Ernie. He'd get suspicious about that.

MR. TAYLOR: Don't forget; they have rights too.

I would like to take a more general thing in most areas and encourage the Department of Agriculture, particularly now that you're two new ministers and you don't have to be bound into any pattern, to be more proactive rather than reactive. Now, I know in agriculture or any type of administration where you have to respond to drought, hail, locusts, and all the things that go wrong, you've got a tendency to run around and put out fires all the time, or you feel that's all that you have to do. But I think that food production is of such importance that the Department of Agriculture could be much more proactive than it has in the past.

I know the minister mentioned that, oh well, he wants to see everything stand on its own for free enterprise. I wish that philosophy pervaded through the Department of Energy and a few others. It seems if you're a heavy oil operator or you want an Upgrader or want to put in a pulp mill, somehow or another the idea of standing on your own goes out the window. You can dig up guarantees and all sorts of reasons for investing; however, when it comes to a farmer "What's the matter? Do you think we're a bunch of socialists or something? You go home, there, and make the thing operate." So I'd like to point out that the chance to do some positive thinking and some positive incentives to the Department of Agriculture is something that I don't think you should pass up.

Now, I know the hon. minister mentioned the fact that most of the rural ridings are still voting Tory, and that was, to him, enough evidence that it might go on forever and ever till the Second Coming. However, you must remember, being raised as a farmer myself, that farmers are very tolerant people. They really don't kill the runt of the litter till they've had every chance to try to survive and grow. You will notice that when they do reject you, you never, never get back. City people jump back and forth. They vote Liberal; they vote Conservative; they vote NDP generation to generation. But once the rural ridings have been lost, it's quite a long time before they come back. So I wouldn't feel too complacent in that somehow or other you think that the farmers are sewn up forever and that you can continue to operate as you have in the past without having to pay the price at the polls.

I'd like to mention a couple of things when I look at the budget, going through it bit by bit if I could, as in the whole adaption to free trade. Now, I was one of those who were very militant against free trade, but democracy is democracy, and the free trade people have won. But all through the debate for free trade there was every assurance given to the agricultural community, which was very worried about it and rightfully so, that there would be transition funds or a transition committee that would be set up and there would be efforts made to adapt the farmers to this new type of market that would take place. But what do we see? Market Development, for instance -- that's in vote 3 of the main estimates -- is down 36.6 percent. Well, market development seems to me a very important area, if we're

going to try to invade the free trade markets, that we should be spending at least as much money in. Now, mind you, knowing the intricacies, or becoming slightly acquainted with the intricacies and the almost secret language, I would say, that the civil service uses, it may have popped up somewhere else. Maybe they've got it hidden somewhere else, but if they have, I'd like you to do that; one of those little things that are put in to keep the politicians on their toes. Cut something 100 percent, raise it 100 percent somewhere else, but this has been cut 36.6 percent.

While we're on that, we go along and we see product research -- this is in vote 8 of the elements -- down 35 percent. Well, here again, unless this pops up somewhere else, this seems to be a peculiar direction to be going if you're trying to invade a new market: Market Development down 36 percent; product research down 35 percent.

Let's go on to processing, for instance, vote 3 of the elements: down 90 percent. To me, unless there's some other explanation for it, and I await it with great anticipation, we're throwing away our chance to maybe take advantage of the so-called free market. There's even a little thing like Farm Financial Management Services that has been dropped entirely; in other words, down 100 percent. I thought that was something that wasn't working out too badly, but apparently the idea came that once you tried it, you found that the farmers were already ahead of you or, on the other hand, that there was no reason to try to go ahead with it. I'd be interested in why that was cut out. Mind you, I notice Systems Development, whatever that is, is up 25 percent, and also that another assistant deputy minister is in for planning. It sounds to me that we're doing the absolute opposite of what we should be doing with free trade. Instead of helping the farmers penetrate the market, we're developing a little bit bigger bureaucracy to do a little more figuring. I'd be interested in seeing what goes on.

I've mentioned, too, about the Department of Agriculture being proactive. By that I mean getting out and doing things that will help the food producing industry that are not necessarily in your corner, have not necessarily in the past been Agriculture's job to do; for instance, something like the phone charges, privatizing phone calls and the private phone installations, running \$400 to \$500 a person. Well, a phone on the farm, and particularly a private line, with the modern era of fibre optics, modern era of computers, is really almost an industry necessity. Now, I know the Public Utilities Board said that if you didn't charge the rural people, it would be in effect shafting the poor city people. I don't agree with their decision. However, I didn't appoint the PUB -- you people appointed the PUB -- so I'm not going to take any responsibility for it. But the point is, I think this is something that the Department of Agriculture could do; it could take a more aggressive outlook. I know the government is already giving \$100 for farmers to privatize lines, but I think with what we could do in product development, what we could do with helping the farmers compete in the modern-day society, lowering that cost would be more than warranted.

The other area I'd like to see the department get a little proactive in is in the case of roads. Well, you know our Premier made his rather famous announcement that all the secondary roads are going to be paved. Actually, that wasn't a bad thought. If he'd just shut up and not said anything further, it would have probably gone all right. But then after that, everybody in the Tory Party started to explain what a secondary road was, and by the time they finished, it had scared the hell out of



the people of Alberta and they started going the other way. Actually, being an old rural person, I don't mind the secondary roads. It wouldn't have been that bad, but everyone assumed that all gravel roads would be paved. Here again I think that the farmers should be taken in much more in the consultation process. Paving a road out in my constituency, in parts of northern Alberta where there's good heavy gumbo soil, is a good way of shutting down farmers and farm loads for two, three months of the year. In other words, a good gravel road will carry traffic and carry heavy loads a lot longer than a paved road.

What I'm afraid of is that somebody from the Husky Upgrader plus a city slicker or two and a couple of contracting friends of the government are going to be out paving everything. I know it was an old saying when Doc Horner was here that if you were out in a rural area, if it moved, they gave it a pension; if it stood still, they paved it. But the fact of the matter is that paving isn't always a universal solution, and I think agriculture people should be taking a more aggressive attitude in what kind of roads to market we are putting in, not just blanket announcements: "Oh, we're going to pave everything in sight," or "We're not going to do that"

MR. HORSMAN: Mr. Chairman, a point of order.

MR. CHAIRMAN: Hon. Government House Leader.

MR. HORSMAN: It's the estimates of the Department of Agriculture under consideration, not the estimates of the Department of Transportation and Utilities. All we've heard is the subject of paving rural secondary highways. I would suggest the hon. member get back to the subject at hand.

MR. CHAIRMAN: Thank you, hon. minister.

MR. TAYLOR: I can understand why the minister would be touchy, because if he ever could get the Department of Agriculture out of their little cage, you might expect some action back there. That's what I'm trying to do, Mr. Chairman, is say that we want a proactive Department of Agriculture, not one led around by the nose by some of the other ministers in this government.

I'd like to move on to wildlife and what a farm has to do with wildlife. I don't expect the hon. Member for Macleod to leap up and complain, nor the hon. deputy minister, who knows a lot about wildlife in the cities, to get up and stop me from talking on that either. I'm talking about the type of wildlife that occupies sloughs and trees and dugouts of this province. I'd like to see something in the Department of Agriculture pursuing keeping non farmland in its natural state. It's rather interesting; in my constituency I did a bit of a survey on the dugouts that they were doing here, Mr. Chairman, last year. The rather amazing part was that about 70 percent of the dugouts were going into low areas that had just been drained, some of them with government help a few years earlier.

In other words, I think the Department of Agriculture is remiss here in not taking a more aggressive attitude in talking to the minister of wildlife and saying: "Look; the farmers are feeding the wildlife. The farmers are supporting the wildlife around here." There should be some sort of a grant or tax rebate or whatever you want to call it, but I'll just throw out one off the top of my head now: \$20 an acre for up to 10 percent of every quarter section if they want to leave it in its natural state of

either sloughs or trees. That, I think, will do a lot more for agriculture in the long run than all the PhDs that you have looking through their glasses at the pipettes and trying to figure out just what kind of fertilizer to use.

The other area that I see very, very little action on from this Department of Agriculture, and one that concerns me, having lived some in west Europe: I don't think the monitoring of your groundwater tables is being looked after by the Department of Agriculture. Now, there again the hon. Member for Medicine Hat might say, "Oh, well, that's for that department to look at." But the point is that pollution of groundwater tables, the excessive use of pesticides and herbicides, is something that originates in the agricultural community. And the groundwater testing that I have been able to check on in this community is almost nil, except as far as the oil industry is concerned or in some areas where there are housing developments. I wonder, and I'd be interested to be informed on this, as to why there isn't a more general policing of the groundwater testing and something printed on it to show whether indeed we are approaching some pollution in our groundwater tables. Because once it happens, as it has in areas of west Europe but particularly Germany and France, it's far too late.

To go on for a bit more, I'd like to talk a little bit about the Agricultural Development Corporation. This is something that I find very, very hard to explain to the members opposite, Mr. Chairman. They have a Pavlovian reaction, almost as if you said "socialist" or you said "Heil Hitler." They immediately jump to a conclusion. As soon as you talk about leasebacks, they think about the NDP in Saskatchewan taking over land. They don't seem to have any realization that most of the large businesses today operate under leasebacks, that it's a very rare oil company indeed that owns its own oil rigs or its own gas plant or its own office building. It's usually sold to a financial institute and then leased back forever.

That's the type of leaseback I'm talking about. It would be a voluntary one. Our ranchers did it many, many years ago, and they are probably the forerunners of the real, rugged free enterprisers of this economy. They bought the home quarter, men after that, they used cattle leases. And yet many young farmers today are expected to dig up a quarter or a half a million dollars to get a piece of paper that says that they own this property. That's why they're short of money. Sure, they'll die rich. They can sell their property 30 or 40 years later, but maybe they want to spend the money, Mr. Chairman, on farming -- buying the inventory, buying the equipment -- and take a lease on the land, particularly if they already own the land. They might want to free up the cash.

Now, I'm talking about a voluntary leaseback; I'm not talking about the government confiscating it. And if the government was worried in some way or another that indeed the government would change down the road and, heaven forbid, go to NDP, for instance, and nationalize the land or something, I'm almost sure that you can write a lease in such a way that it is a lifetime lease. Certainly the socialist countries, the countries of Denmark, Sweden, and England, have at one time or another had more socialist governments than could possibly be generated even by the hon. members on my right here, r-i-g-h-t. They had governments much more socialistic, and yet they were able to draft laws in such a way that their leases are lifetime leases that can be passed on. So I don't share the concern that you have to worry that a government can change that type of thing. But even if you thought so, there is nothing wrong with inde-

pendent foundations being set up, maybe with the government appointing half the directors and the other half being appointed by the people that put the money into the foundation to do these voluntary leasebacks. I think that's one way of solving the credit squeeze for many young farmers. And maybe older farmers whose children are not going to take over the farms, rather than dumping the land on the market, wouldn't mind turning it over to a foundation who would in turn lease it to some people in the community.

Now, that comes to the area of foreclosures by ADC. It has always been a mystery to me, and I think I've been associated with finance a great deal in my life, why I've not been able to get through to the government that it is more economical and it is better financial sense to take land that has been foreclosed upon and lease it back to the original farmer, provided they want it and provided they have any sort of modicum of ability in farming, on a five-year leaseback basis at whatever the current rates are in the community. It does a number of things. One, it keeps the land from being dumped back onto the market in that community and thereby depressing the price of land of farmers who are not in financial trouble. It keeps the schools and the curling rinks or whatever going so that those farmers who are not in financial trouble do not see their schools, do not see their curling clubs, and in fact, do not see the businesses in the small towns close down because of people leaving the land.

It doesn't lose anything, the value of the land, because if anything, if the land is held off the market the next five years while the lessee is trying to make up his mind to buy it back or not, chances are that land values will have recovered, so you will have spread out dumping the land back on the market. So every financial argument that you can make augurs for doing a leaseback to the one that you foreclosed on, but instead, we get this old argument: "Well, it's unfair to those that have paid their bills." Well, what's truly unfair to the ones that have paid their bills now is depressing their land by dumping that land back on the market, by closing down their curling clubs, by closing their schools, and by doing less on the roads because you've moved people off the land. I don't see how you can possibly lose. You rent it back at the going rate, and if indeed it is not possible to buy it back in the next five years, if indeed the farmer is so poor that he can't, dump it on the market then, five years from now. Why the panic now? Why the hurry? Why take a farm family and run them off the land to either rent it or dump it onto the market. It makes no economic sense whatsoever. I've never been able to figure that one out.

While we're on it, in vote 7 of the elements you mention crop insurance. Indications are that costs are rising. I know the hon. Madam Agriculture mentioned that she is working hard at upgrading crop insurance. I'm just wondering again, back to my old argument about being proactive, Mr. Chairman, whether now might not be the time to start looking at a form of overall income insurance, negative income tax, or income flow, whatever you want, and uncoupling insurance. If the federal government is pulling out, and if we're going to get free trade and we're going to try to harmonize our agriculture a little more with the U.S., I think now is the time to be looking at a general income stabilization plan very similar to the red meat stabilization plan. Possibly we could get some of the people that you have lined up there to come up with some ideas. I know that you spent 10 minutes introducing them; I can't see who they are and how many there are, but it appears that you have plenty of people to work, and I notice that you have increased the amount

that goes into the estimates and so on in planning and systems.

Maybe Alberta could actually get the reputation of being one of the first areas in North America to work out a system of income insurance. After all, Alberta and Saskatchewan were the first to work on medicare. We've been among the first to have an overall hail insurance program. The NDP always likes to take a bow, but let 'em have their credit. Alberta Tories put in the old folks' homes and citizens' lodges earlier than most people. So Alberta and Saskatchewan have had a reputation of being innovative. First to vote Social Credit; first to vote CCF. All those things happened. First to throw out the Liberals, but now the cycle has come back. I'm just trying to give them a little encouragement to think that now might be the time to start looking at a contributory income insurance plan that could work.

Same thing with mention of the Crow benefit; talk about paying the producer. I know the minister cited, "Well, we used to just be producers and we sent out to the market, and of course that worked against processing on the spot." He's perfectly correct, but like most people that look backwards, he's given away any opportunity of looking forward. I would never want to see us lose that Crow benefit; it is something that was contracted with the federal government. Now, it seems to me that what we should be arguing is how to spread it in such a way that it maximizes the benefit of western Canadians. To talk about paying it to the producer, either in the form of an annuity or a lump sum, as I said before, it's got to be . . .

I remember that the past Premier, Mr. Manning, won three elections on building the Jubilee auditoriums. He announced them one election, he dug the foundations a second, and completed them in the third. The Tories are trying to win three elections by promising to pay the farmers a huge sum for the Crow benefit. Every farmer thinks they're going to be the ones who get it. The point is, you know and I know it's going to be almost impossible to work out a system where every farmer is going to be happy with the amount of money he gets out of the Crow benefit. If it's paid once and for all, it'll just disappear and land values will be dumped forever. Why not do a little constructive thinking for using the Crow benefit to benefit equally the producer and the processor so neither is more disadvantaged than the other, to help us penetrate further markets?

We've got to be careful, because after signing that deal for free trade with our friends south of the border, they're going to get a little huffy. But it seems to me that we could work out some sort of system that would slide by. The idea that it has to be all or nothing, that it all has to go to the producer in order to keep our processors and ranchers happy, is not necessarily right. It seems to me that it's an amount of money that's been set aside, one of our contracts, for the railroads and the benefits the railroads achieved, and that money can be amassed as long as it's put into helping transportation reach our markets, one of the best ways we could advance it. No, Mr. Chairman, if you go home tonight -- and I don't know if the co-ministers have a globe in their living rooms, but if they spin it before they nod off to sleep, they will notice there's no economy in the centre of any continent except North America, and that's not by accident. There's nothing going on in the middle of Africa, nothing in the middle of Asia, nothing in the middle of Australia. The only place there's an economy that's developed at all is in the middle of North America. Now, some people argue that's because it's the same political entity on both the Pacific and Atlantic oceans, but it's rather obvious it's hard to develop something in the middle of a continent. So possibly, before we think about doing

away with the Crow subsidy and lump sum payments or payments only to producers, we could think of rationalizing it in a better way.

On to being proactive. I'd like to see something equivalent to the Energy Resources Conservation Board. We put that together way back in the '20s to make sure that the assets that God put in the ground would not be wasted through the years. We knew that somewhere down the road we might get somebody that thought they'd created the oil and gas in the ground and might get fast and loose with it. We wanted to see it was developed to the best use of Albertans and conserved. Yet we have no equivalent thing for conserving farmland. The Department of Agriculture sits idly by while thousands of acres of farmland go under to urban sprawl, go under to acreage setups, go under to gas plants, go under to industry.

Now, the hon. Member for Medicine Hat will say: "Well, that's none of your business. We've got a department of industry to look at it." Well, that's like sending Colonel Sanders out to look after your chickens. I think the Department of Agriculture could be much more aggressive than it is. If I ask the Department of the Environment tomorrow, "How about number 1 farmland out in Westlock-Sturgeon being converted to gas plants?" he'll say, "Well, we're keeping the air clean." The point is that when the land was converted -- and to the co-ministers of the Department of Agriculture, I would like to request you to get a little rough; let's see you out there marching, carrying a placard, stopping something going under to a Safeway parking lot or a gas plant or Sparrow Industries or something like that. Make sure that the number 1 and 2 farmland just doesn't disappear, because it's not an automatic good. The preservation of farmland is much more important than nearly anything we have charged to us today.

I'll go on here to pick up some other ones. The other one that bothered me a bit -- two little short items I want to shoot in under the skin of the nicotine addict over there on the front bench. I'd like to know what happened to the four-litre jugs -- that's something the former Minister of Agriculture said he would solve six months ago, maybe seven months ago -- the four-litre jug by a rugged, enterprising dairyman out at Smoky Lake, and his idea was stomped on by this government, was pushed aside by this government. They pushed it onto the dairy board; then when the dairy board said it wasn't sure, they pushed it back to the Department of Agriculture. Then the Minister of Agriculture said, "We'll think about it." And so I'd like to know what happened. Maybe silently you okayed it the other day, but I can't imagine this government doing something like this without blowing their own horn a little bit. If anybody uses Confucius' philosophy -- he who shall not blow his horn, his horn shall not be tooted -- it is the Minister of Agriculture.

The other thing I've been very interested in in the last year. I've had a great deal of trouble with the inspectors from the Department of Agriculture and the inspectors for the federal Department of Agriculture. Now, I know the minister says it's not his job to stick his nose into federal business. I'd like to know how quiet he would be if all the MPs from this province were Liberals. He'd be up there waving his fist in the air every day like the mouse that got into the bar late saying what he's going to do to the cat when he caught him, but now sits there quietly, meekly saying: "No, it's not my business. Those are federal boys. I'm not going to do anything unless you push me into the pen with them." Now, I'd like to suggest to the minister that he start eating a little bit of raw meat -- Throw away those

cigarettes; they're lulling him into a sense of complacency that's not good. I think he's elected, as we all are, to fight the federal government occasionally.

I'd like to talk about the analyzing of feed mill products in this province that are fed to hogs and cattle. I've had numerous complaints that get absolutely nowhere. The province says, "Well, the federal inspector should be looking at it." The federal inspector says, "Well, the province should." The point is that there is feed being analyzed and sent out into the local markets that isn't living up to labels on the bags, and the Department of Agriculture of this government is doing almost nothing to deal with it.

Thank you very much, Mr. Chairman. I think I've toasted their feet enough now. I hope he can still stand, though, and fire back. Thank you.

MR. ISLEY: Well, first of all, I'd like to thank the hon. Member for Westlock-Sturgeon for his congratulations. For a while here I felt like I had a new portfolio, that all of sudden the associate minister and I were the ministers of rural Alberta, responsible for agriculture, transportation, utilities, wildlife, environment -- anything that happens out there -- and toward the end, even land use.

I was impressed by the hon. member promising that he is going to start questioning us strongly in the House, and I look forward to a change in his style of questioning, an increase in his level of research and his knowledge of the industry. I appreciate his remarks on us becoming proactive, and I would suggest -- and it's certainly our goal as a team -- that based on the groundwork our predecessors and ministers before them have done in this department, and if the excellent weather conditions that we're currently enjoying would just continue for four years, we're certainly prepared to devote most of our efforts to enhancing value adding and the development of markets. Those are the areas where I think we would like to be proactive.

I wasn't surprised to hear that the member was against free trade. I wasn't surprised to hear that he was against a change in the method of payment of the Crow, because it appears that, you know, we're hearing the same theme from both parties over there that want to see rural Alberta dry up and disappear under policies that were developed for an entirely different society. We will push forward for change in a vibrant rural Alberta, even if we don't receive that support.

I tried very hard to follow the member's specific questions on the budget book, but I had some difficulty. If he gets the chance, he may wish to question me again later on if I'm not interpreting them right, or see me outside the House. I understood him to say that -- and I thought he was talking from the element book -- we had reduced Market Development by 36.6 percent. But the only place I can find a 36.6 percent reduction is on page 37 of the main book beside Marketing Services, Budgetary. Market Development, which is vote 3.3, enjoyed an increase of 6.4 percent. So I think I would advise that the hon. member get his glasses checked.

I would explain the 36.6 percent reduction, part of that being reduced money flowing through the Canada/Alberta Agricultural Processing and Marketing Agreement, which the member is aware we are running out of money in -- I indicated to the House yesterday we're having discussions with the federal government to try to put new money into that five-year agreement -- the other portion being our processing sector assistance which is going directly from the provincial government. You know, we

know a year in advance which plants are going to need it, so we budget accordingly.

He also expressed some concern about a total disappearance of Farm Financial Management Services in vote 4, and here I believe he had to be referring to the element book. But I would draw his attention to the next page, vote 5, where you see the reappearance of \$1.175 million under the Canada/Alberta Farm Financial Management and Advisory Services and an enhancement of 10.6 percent to our Farm Business Management. What occurred is that one program was expiring, and when we brought in the new program, we rearranged it administratively under Economic Services, where it fits much better.

I was a little amazed at his criticism of the dugout program and farmers putting dugouts in low spots. The last time I checked, the only logical place to dig a dugout was a low spot so that the water would flow down into it. If you dig it in a high spot you've got a problem. But if the hon. Member for Westlock-Sturgeon was suggesting that his constituency doesn't wish to participate in the dugout program, I will certainly take that under advisement and distribute the money elsewhere.

He had a number of discussions on ADC. I think I'll save my major response for the debate that's coming up later, but I would suggest that he review the new beginning farmer program where we not only permit but certainly encourage young farmers to start out without necessarily owning a land base. Land ownership is not mandatory to come into the program. I would certainly ask him to do a little reviewing of the variety of programs that were brought forward by the former Associate Minister of Agriculture to deal with stressed accounts, such as the indexed deferral plan, the proportional quitclaims, the extending of operating capital, the discharges of security, deferral of up to two-year payments, total refinancing, and a number of other things, and from that indicate that foreclosures are only used as a last resort. I think that since 1982 there have only been 468 accounts foreclosed on, or less than 65 per year.

Dumping land we're certainly not guilty of. I believe today the portfolio of land held by ADC is about .35 percent. That's one-third of 1 percent of the farmland in the province. Even if you were to dump it all on the market at one point in time, you'd have a very minimal impact unless a large portion of it was located in a regional area. We're certainly not dumping, and I can show evidence of that.

I think I've already made any response on the Crow benefit and why we support paying the producer. You know, we're convinced that if you take out that unfair subsidy and encouragement to moving our raw products out of Alberta, the processor does not have to share in that benefit. The processor is then on an even playing field and will do quite well without any assistance from government, thank you.

I don't think I'll go into any great depth on land use other than to say that, unfortunately, with a growing society there has to be a balancing act, there has to be a growth of our cities, there has to be a growth of our industries. We're very fortunate in Alberta in that there is a large number of acres of undeveloped arable farmland that can certainly be brought on stream to supplement anything that is taken out of the inventory.

The four-litre jug. I refer the hon. Member for Westlock-Sturgeon back to a *Hansard* of April 26, 1988, where the hon. member was addressing the Minister of the Environment and saying he hoped the minister would be recommending to the dairy board that they do not approve the four-litre plastic jug. And on and on he goes:

A final supplementary, Mr. Speaker. Obviously, if the minister will not move to keep the plastic jugs out of Alberta, will he at least go as far as to bring them under the Beverage Container Act? You know, the only one in the world: remember that one?

Now I'm wondering if the hon. member has done a complete flip-flop on the issue, because it seems to me now he's saying proceed with them, and last April he was saying don't move with them. I'd certainly like to listen to you, and it appears that whichever way I go, I will be listening to you, sir.

MR. CHAIRMAN: Through the Chair, please.

MR. ISLEY: Sorry about that.

The only comment I would close off with, Mr. Chairman, is that if the hon. member is going to encourage me to eat raw meat I'll probably get in more trouble with the Chair, so I'll stick with it partially cooked.

MR. CHAIRMAN: The hon. associate minister.

MRS. McCLELLAN: Just a quick couple of comments. First on wildlife. I rather take exception to the attitude that seems to prevail around here that the only people who are environmentalists are those that run around and protest something. I take great exception to that because I think our farmers are probably the best environmentalists in our province. They work very closely with the hon. minister of forestry on environmental projects. We have a number of joint projects, wetlands projects with Ducks Unlimited. I know that in my area there's a lot of work being done on enhancing wetlands and conserving wildlife. So I think we should just get that on the record. Our farmers are great environmentalists and really work hard in that area.

MR. TAYLOR: I want you to pay them for it.

MRS. McCLELLAN: Silly fellow.

I want to make a comment on leaseback. The hon. member and I have had a long conversation on that and we've agreed we'll never agree on it. But I happen to have some experience living in an area where we have cultivation leases and have had cultivation leases. It is generally the preference of the farmers, at least in my area, to buy rather than lease because the cost of a lease is often very high. You're putting your money into something like a rent where you don't achieve an ownership. Maybe that's simply an attitude that exists in the Special Areas, but certainly that has been the case there.

Crop insurance we discussed. I'm glad the member thinks we're proactive, and we certainly are. Income assurance: I don't want to disappoint you, but I think we're probably a little bit ahead of you. We are looking at some programs such as Grains 2000. I'm sure you're familiar with that. We're looking at a planning process of getting producer involvement because we on this side of the House still believe that the best ideas come from our producers, and if they're incorporated into every program that we do, they will be good programs and acceptable to the producers. So this will be debated through the national agricultural strategy paper, I know, and we expect to be in a position to participate with producer input at that time.

Thank you.

MR. CHAIRMAN: Member for Cypress-Redcliff. [some applause]

MR. HYLAND: Thank you, Mr. Chairman. I don't know; when the hon. Member for Westlock-Sturgeon starts applauding for you, a person may really be in trouble.

Mr. Chairman, three subject matters tonight. The first one: I'd like the associate minister, if she could, to comment on the crop research station that was announced about a year ago for Boyle and the substation for Brooks, and about where we're at with the acquisition of land and any future buildings relating to that. [interjection] At least we've only announced that once, not as many times as the Husky oil Upgrader.

Secondly, to the minister: the greenhouse incentive program or upgrading program that was announced in the throne speech. I wonder if he can update the House where that program stands and briefly the guidelines related to it as far as how -- are they a working replacement of existing structures, upgrading to improve efficiency in heating and cooling and efficiency in growing the product? If memory serves me right, I think the major portion of the greenhouse industry is located in the constituencies of Medicine Hat and Cypress-Redcliff, where between the two constituencies we have something like 22 to 25 acres of land covered by glass that's raising a variety of products.

Thirdly, the nutritive processing agreement, especially as it relates to projects under \$25,000. It's my understanding that along the way, about a year ago, the nutritive processing agreement developed guidelines that anything under \$25,000 wouldn't be looked at. I think that's a great mistake of however those guidelines got developed, because those create real employment in this province with the small businessmen. I have a couple of instances in my constituency where smaller groups were asking for \$25,000 and less relating to a slaughter plant and a type of butcher shop where they're making a kind of sausage and prepared meats that don't have any of the additives the commercial meats have, nitrites or whatever it is that keeps a product red and a pleasing appearance for the customer. These products aren't in these meats, and those people who have reactions to that have a place to go. This is a business that's grown because of demand from people. They're trying to do the business with older equipment. We seem to be able to assist major groups developing new industries and new plants, yet when we have real honest small business development in that industry, we don't have any way to assist them. I wonder if the minister can comment on that and if indeed there is a program, even if we have to develop jointly, federally/provincially, and change some of the guidelines, or if we have to look at something different on our own. I wonder if he could comment on that.

Thank you.

MR. CHAIRMAN: The hon. Minister of Agriculture.

MR. ISLEY: Okay. I'll comment briefly on the last two questions of the hon. Member for Cypress-Redcliff.

The greenhouse assistance program you will find in vote 2.4.8 of the element book. Basically, it's our intention to help the industry in three areas: in the adoption of new technology, in the upgrading of production systems, and in further crop diversification. We'll be providing through this program a grant equal to one-half the cost of approved projects on a maximum of \$1 a square foot to a maximum of \$40,000 per applicant over

the four-year term of the program. Where that project involves the construction of new greenhouse production space or replaces existing greenhouse production space, those costs that relate to the introduction of new technology will be what will be eligible. I would think that in the very near future, now that we're into the estimates, the guidelines will go out on this program and possibly a press announcement for communication purposes.

With respect to the Canada/Alberta Agricultural Processing and Marketing Agreement and the representation the hon. member is making for looking at the guidelines and starting to fund under the \$25,000 level, I'll certainly take that under representation and review the guidelines if and when we get new money into the program.

MR. CHAIRMAN: The hon. Member for Taber-Warner.

MR. BOGLE: Thank you, Mr. Chairman. I'd like to begin by complimenting the two ministers, the Member for Bonnyville and the Member for Chinook, on their appointments to this very interesting and challenging and important portfolio to the residents of Alberta, in particular to the residents of the Taber-Warner constituency. I do have several comments and a couple of questions I would like to direct to the two ministers.

The first relates to the Hail and Crop Insurance Corporation. We all know that the current arrangements see the producer pay 50 percent of the premiums, the federal government cover 50 percent, and the province is responsible for the administrative costs. All members are also aware that the federal government would like to change the rules, would like to see the province contribute a greater portion and see the federal government contribute less. My caution to the ministers in this area would be to work, as I'm sure they will, with their federal counterpart or counterparts to ensure that we get the best possible deal for Alberta producers. It seems to me there are areas where the program can be improved. There may be some areas where it can be enriched. Certainly there are some improvements that can be made. I would loathe to see new provincial dollars put on the table, or producer dollars, merely to allow the federal government to withdraw some of its own commitment. I don't think we should allow them to do that, and I'm sure I speak for the constituents of Taber-Warner in making that point.

The other area I would like some indication on, if the ministers are able to, is when we might expect to see the chairman's position filled for the Hail and Crop Insurance Corporation. This is an extremely important corporation. In my view we've got some good individuals serving on the board today, working with the general manager and the staff, but we do need a permanent chairman in place in terms of the direction and the continuity that can and will be given.

In the area of the Alberta Agricultural Development Corporation, I'm extremely pleased with the role the current ministers played in their capacities prior to the last election in reshaping the mandate for the corporation. I think we've got an excellent group of individuals on the board, a very capable chairman. There are some new policies in place. My only word of caution in this area would be to ensure that all the staff around the province are consistent with the policies approved by the government and being implemented by the board. I'm disturbed when I hear cases of a young individual who has off-farm income who is told that that should be discouraged and that the individual should in fact be working toward a situation where he's on the farm full time. Now, I've tracked that down and I believe, I cer-

tainly hope, that was an isolated case, and corrective action is being taken on it. But it's that kind of thing that can hurt a very excellent program that's been developed over the years in the province of Alberta, so I would ask the ministers to work with Mr. Thornton and members of the board to ensure that we are very vigilant and that the staff in the corporation understand the new policies and the new directives that have been given.

On the Crow benefit, a pay-the-producer concept, much has been said. There is one central fact that we must come back to -- and it was alluded to earlier today in the motion by our colleague the hon. Member for the Cardston constituency -- and that is the survey done by the Alberta Wheat Pool. The survey done by our Department of Economic Development and International Trade came up with the same results. Our producers want a change. Our producers are looking for a change. They are pleased with the leadership that's being provided by this government, by our Premier, and by other western premiers who have now gone on record on this particular issue. Therefore, it's with a great deal of anticipation that farmers in the Taber-Warner constituency are looking for some change in the pay-the-producer concept.

In the area of irrigation, I would like to very briefly pay tribute to the late Ed Shimbashi. Ed Shimbashi served as the chairman of the Irrigation Council of Alberta for a good number of years. Mr. Shimbashi was a farmer and an agribusinessman from the Barnwell area just outside of Taber. He served up until his passing as a councillor for the MD of Taber, an extremely well-respected member of our community, highly regarded, very honest and straightforward, and I know he'll be sadly missed by the Irrigation Council, as he will in the community by his wife Margaret, by the family, and by his many, many friends. So it's important that we do pay tribute to Mr. Shimbashi.

I would ask that in addition to finding a new chairman for the Irrigation Council, which I'm sure the minister is seriously addressing, consideration be given to bringing on a private irrigator, to bringing someone on the Irrigation Council from outside the irrigation districts. Our focus has been on the irrigation districts for a long time, and nothing pleases me more than to see a bit of irrigation taking place out of the Peace River. I'd love to see some take place out in the east country, you know, in the Lloydminster area, and down in Wainwright and Vegreville. Because irrigation isn't something we want to keep exclusively in the south. It's something that should be shared across this province wherever it can be applied in a practical sense, and the more we are able to see that happen, the greater the acceptance will be for the value of irrigation. In some situations it may be that the irrigation is used as a supplement in off years. It won't be needed in each year. We saw examples of that in Ontario last year. They were going through a drought and they were using irrigation, the first time they'd used it in three or four years. But it was there; it was there for the application. Because the one thing all members must recognize, even in the heart of irrigation country down in our districts, is that irrigation is merely a supplement to Mother Nature. Irrigation does not replace Mother Nature. If you have a year where we have a severe drought, the irrigation farmer can be going round the clock and he cannot keep up. Still, the beauty of it, the value, is something that can be shared and needs to be shared in all parts of the province.

I would like to compliment the ministers for bringing forward the new private irrigators program and, in particular, the hon. Member for Cypress-Redcliff who chaired the last irrigation caucus committee. The member spearheaded this program

at the direction of the minister, and I thought that was a very effective way to use a member of the Assembly: working with officials in the department, gathering information from in particular Saskatchewan, where a program had been in operation for some time, and working hand in hand with the minister in bringing forward the program and the proposals. So I'm really pleased to see that initiative. Again, it's an example to share irrigation across this province, not merely within the districts themselves.

As far as the districts are concerned -- and I deal primarily with the Taber Irrigation District and St. Mary River Irrigation District -- the development that's taken place since 1975, the infrastructure that's now in place, is really marvelous. Those members of the Assembly who serve on the Heritage Savings Trust Fund committee and have had a chance in the past to visit our irrigation districts and see the main canal, to see the laterals and the work that's being done -- it's really marvelous when you look at man's engineering abilities and what he can do in helping to tame nature in this particular way.

The 86-14 formula is a key part of our irrigation program, where on the rehabilitation we provide 86 percent of the costs and the farmers, through their districts, provide 14 percent. It's important that all members of the Assembly realize that that's not where the farmer's contribution ends. That's merely the beginning, because once the infrastructure's in place, there are the ongoing operating costs, and those costs are the responsibility of the farmer and his district in a total sense.

Soil degradation. I'm so pleased with the initiatives taken and the increased support for our agriculture service boards. I think there's a real maturing taking place in that area, and we certainly see it in terms of the contact the ag service boards have with us as elected members of the Assembly. It's so important that we continue to work hand in hand with the elected members of our municipal districts and counties in this process. Some other organizations have developed over the years, and I think of the Dryland Salinity Control Association. And yes, they are a burr under our saddle in some ways, but that's not bad. That's not bad, because they're dedicated men and women who have found other ways of tackling the problem of salinity. They're out there working hard as volunteers and with some help from government in providing yet other examples of what can be done on this particular matter.

I'd like to conclude my remarks with the Alberta Agricultural Research Institute, so before I do that, I would like to through the ministers compliment the hon. Member for Cypress-Redcliff who chairs the government's agriculture caucus committee and all members of that committee. I'm so pleased to see the involvement the two ministers have with the agriculture caucus committee -- the meetings, the involvement, the sharing of information, the requests for feedback, so that the decision-making is truly one done in a collective sense. It's not a reporting process back to the caucus committee; rather, it's gathering information from the committee and making decisions in a group setting, and the meetings the caucus committee will have under the Member for Cypress-Redcliff's leadership with the various agricultural and commodity groups across the province, the very important feedback we receive, helps the ministers and helps the department and the entire process.

In conclusion, I do have a very special spot for the Alberta Agricultural Research Institute. The institute was created during the last session of the Legislative Assembly of Alberta. It's still in its infancy, it's growing, it's maturing. But what a wonderful

opportunity for men and women to come together, some with professional expertise in the area of research or administration through one of our departments or through a federal government or agency, coupled with the practical experience of our farmers and agribusiness people. We have a board that's welding together and bringing the ideas forward. While some may see the primary function of the institute to distribute funds, I don't. And I don't believe our minister sees its primary function in that area. When we look back to the mandate which is drawn from the legislation, we find that its primary role is to co-ordinate. Its primary function is to oversee, to try to ensure that we're not duplicating, to try to ensure that where the federal government is working, our universities and colleges, the private sector, our own government, Farming for the Future, there's some kind of umbrella organization to bring those decision-makers together, to coordinate our activities so we get the best bang for our buck. It's beginning to happen. There aren't going to be any magic breakthroughs next week or next month, but that kind of coordination is there.

Again, I compliment the associate minister who has this as part of her mandate for the time she has spent with the board members in sharing her philosophy. Of course, as one of the original board members, the associate minister had to resign with great reluctance when she sought a nomination for a byelection. But because of the short time the associate minister spent in the institute, we know the commitment she's got. She's a stakeholder in it, not only as a farmer, not only as someone really keen and involved in research, but as someone who was there at the beginning, and we're really proud of that association.

Thank you.

MR. CHAIRMAN: The hon. minister.

MRS. McCLELLAN: I'll leave my comments, Mr. Chairman.

MR. CHAIRMAN: The hon. Member for Drayton Valley.

MR. THURBER: Yes, Mr. Chairman. I feel it imperative that as a rancher in Alberta I stand and speak a little bit in support of this very comprehensive budget our ministers have brought down and make some comments or clarify some comments that have been made here during the course of today and this evening.

I was very interested to hear the hon. Member for Westlock-Sturgeon. In his remarks today he referred to carrots and the Crowsnest rate in the same breath and in the same sentence. It's too bad that he wouldn't have done a little bit of homework and a little bit of research and he would know that carrots are mostly grown under the auspices of the marketing board called the Alberta Fresh Vegetable Marketing Board and certainly don't refer to the Crow rate in any way, shape, or form.

Another point I would like to mention on the Crow rate. I remember many, many years ago when I was with the Alberta Cattle Commission and we were touring this country trying to get the people together, the livestock producers and the grain producers, in support of getting rid of the method of payment and trying to straighten it out so it would be of some benefit to Albertans. I remember the hon. Member for Westlock-Sturgeon at that time following these meetings around and trying to gain support by being on the side of the livestock producers, which he has since vacated in his advocacy of a different method than

what we're trying to solve here. When he referred to carrots in this method -- and I mentioned already that they're under a marketing board -- I'd like to mention for their reference and for their education the function of the marketing council under the Department of Agriculture. The Marketing of Agricultural Products Act which was brought through this House a short time ago, the new one, allows the producers in this province to organize and represent their own commodity in a very forthright way and to take care of their own research and product development and market development.

We have a variety of different types of boards and commissions that are set up under that marketing council under the marketing Act, and they vary in some extent from the eggs right through to a very lightly formed commission where there's very little control over the production. I think they're one of the best methods of allowing the producers to do their own thing rather than coming to governments at any time for support in a variety of areas, such as their research and market development.

Again some of the areas they've talked about -- and the minister has already dealt with them, I'm afraid. One was ADC. I'm very proud of the way the Department of Agriculture has formed a new directive where the young farmer can purchase equipment and livestock on rented land. There was quite a bit of talk about that by the opposition members, and had they done a little research, they would have realized that it's already happening.

The forage insurance. We speak about an outgoing type of Agriculture department. The forage insurance is undergoing reviews and changes as are needed in order that this government can provide the very best insurance possible to the industry, and that will be ongoing until it's some kind of an insurance that will benefit everybody that wants to get involved in it.

I was very glad to see the minister stand up and clarify the priority issue. Agriculture is the number one priority, economically, in Alberta. I believe everybody recognizes that, and I'm sure the opposition does. They laid claim to that recognition tonight.

I think it's important that the government recognize that private enterprise is probably the best way to conduct international markets and to get involved in them. I'm glad to see that this department has again recognized the need for some incentive and some help in that area.

The agriculture people in Alberta are very proud of what this department does. The people that implement these programs that were referred to earlier that are sitting in the members' gallery -- just in conclusion, I would like to commend these people. They carry out these programs in a very forthright way, and they are respected all through this province for their work in the Department of Agriculture.

MR. CHAIRMAN: The hon. Member for Calgary-Forest Lawn has a question.

MR. PASHAK: Yes, thank you very much, Mr. Chairman. The matter I'd like to raise with the Minister of Agriculture arises from the October 4, 1988, meeting of the Heritage Savings Trust Fund Committee, of which I am a member. It's an issue involving the Agricultural Development Corporation. It was brought to the attention of the committee. Now, I don't know whether these were factual situations or whether they were just alleged. But it did appear that some farmers who ran into financial difficulties who had loans with ADC and had to enter into either

quitclaims or foreclosures -- there was the appearance that in some instances arrangements were made with a third party, let's call him farmer B, so that the land would be taken over by ADC and sold to this third party. The third party would then, in turn, sell that land to the first farmer, the net result, of course, being that the first farmer would have a substantial part of his debt load removed, the second farmer would make a small profit on the transaction, and then the province of Alberta would be out the reduced value for which the farm was sold, from the original loan.

Now, I don't know if in fact that situation actually occurred. It was alleged to have occurred; it was reported in some newspapers. Of course, on our side of the House we know that farmers are experiencing a lot of financial difficulties, and we'd like to help farmers retain their land. I think there are probably more direct ways of doing it, such as through debt moratoriums and things like this. But my question to the minister is just simply this: what is the current practice of the ADC with respect to this? Why, for example, doesn't all that land go onto a public auction block? And if land has been sold to third parties, is that practice still continuing, and is the minister planning on taking any steps to end that practice?

MR. ISLEY: Mr. Chairman, what the hon. member is referring to is what is commonly referred to as third-party sales, which is a practice that has been used on some occasions, I understand, with the ADC board. It's a decision that's made at the top level. Their current policy is that if they feel there is going to be a buy back by a person that was involved in it, they would not approve it. But third-party sales continue. I think the general rule of thumb is that if ADC is getting appraised market value or better on a third-party sale and recovers whatever other securities they have, what happens to that land afterward is something they don't normally track.

MR. CHAIRMAN: Thank you.

The hon. Member for Wainwright

MR. FISCHER: Thank you, Mr. Chairman. I thought you were going to forget about me again.

I'd first of all like to congratulate our minister and associate minister on their appointments. I would like to compliment our department for coming and spending the evening here and sharing all this good stuff that we're talking about tonight. It makes it just a little bit easier for us to take as well. I would also like to compliment the department on the good job they've done over the last number of years with our agriculture industry. I think many of us know that our Alberta Agriculture department is one of the strongest in Canada, and we can be proud of that. It just comes with the good people we've got in there.

I did listen a bit with interest to our Member for Vegreville this afternoon and again tonight on his negative socialist viewpoint, wanting government guarantees for every producer. I would like to say that my producers in the Wainwright constituency have certainly appreciated the subsidy programs we've had during the past few years of low grain prices and troubled weather conditions and European Economic Community squabbles with the U.S. But there is an ever increasing concern now that we are getting too dependent on government. Certainly in 1987-88, 90 to 100 percent of our net income came from government subsidies. This gets pretty scary when you think, for instance, of the federal government's financial posi-

tion. We also recognize that when that happens, when we get that reliant then out go our rights and our freedoms that we so dearly cherish. I would like to ask our ministers just to keep those kinds of things in mind as our industry strengthens just a little bit, as prices and markets improve -- with our free trade, I might add -- and our weather conditions improve.

Most farmers -- and I say most -- would like to have an opportunity to compete. They don't need a guarantee. We were talking about the grain policy this afternoon. They don't want to be throttled with regulations. I couldn't help but think that back when the feed grain policy came into being -- I believe it was in the early '70s or late '60s -- how it did open up and let people sell their grain. I know that the Wheat Board has done a good job in the past and they're still doing a good job in some areas. But in fairness to the Wheat Board, when we have to send all our grain to them or let them handle it through their regulation, we cannot operate that way. We are throttled with too much regulation and cost. That feed grain policy had a proven record.

I would like to ask our Member for Vegreville if he talked to any farmers who have been reasonably successful in this past number of years. They will all tell you that the grains on the open market are the ones they have made the most money out of. Yes, the prices go up and the prices go down. But in some cases -- on these world markets we look at the way the Wheat Board has had to handle it, and in fairness to them, it's because of the regulation that they have there. We're guaranteed low prices, and they can't do anything about it. So I think it's nice that we can have that flexibility. I really appreciate the flexibility with the oats. Now we can go and do something and develop our markets, and we don't have to wait. Our Member for Cardston explained so well what happens when you have to market through the Wheat Board, and it does have to be that if we're going to have our Wheat Board. So I think it's nice to have the flexibility of having your grains on the open market. I just want to ask our ministers to keep these kinds of things in mind so that we have some freedom to move.

Also, I heard some things about the ethanol industry again tonight. I did remind us that we had \$23 a tonne that could have almost made that ethanol industry run on its own had we changed the method of payment. But here we are wanting the ethanol industry, and we won't change the method of payment so I don't see how we can be that hypocritical.

I would like to comment a little bit on our research. We have had some excellent developments happen, and it has come with the tough times of the past. We've concentrated a little bit more on it and some very good things are happening. We're getting diversified crops now. If one crop doesn't happen to have a high price, then the next one will. We've got better grass seeds, our pulse crops, soybeans, and corn. We can grow lots of things in this country; we don't have to just grow wheat. I think we have to give a lot of credit to our Farming for the Future program, the funding that's gone into that and the direction to help us out.

The new budget on soil erosion also is very, very positive to us. We've all watched the soil blow away in the last two or three years, and it's such a valuable resource to us. I do believe that along with our soil conservation program we have to have a strong, strong education program that goes with that. Certainly it has to be tied to the economics in our farming. Hopefully some nice things in the farming industry are coming along. I have to look at farming as a little more optimistic than it's been



in the past few years.

Agriculture marketing development. I have stood up here other years talking about how I'd like to see us put a little bit more money into developing those markets, and we have. We've increased it again this year by 6.4 percent. Now we're spending \$4.2 million on developing markets. That has been extremely positive to us. It has given me just a little bit of satisfaction, because I have mentioned it a few times and now we can see some of that happening.

I do have to say that with all of our programs we have put in place and the opportunities we have provided in this country, we are likely the best off farmers anywhere in the world. I hear us still complaining and complaining and complaining, and I don't think that is a very good representation of the farmers around this country. With that, I'll sit down.

Thank you.

MR. ISLEY: Very briefly, I just noticed that a lady has joined us in the members' gallery whose contribution to this department has been acknowledged on a number of occasions tonight I'd ask that Shirley Cripps, former MLA for Drayton Valley and Lorne Cripps' new wife, please stand and be recognized.

MR. CHAIRMAN: The hon. Member for Cardston.

MR. ADY: Thank you, Mr. Chairman. I'd just like to make a few brief observations about some of the things that I noticed coming through in the votes for this department. Prior to doing that, though, I too would like to congratulate the ministers for the obvious dedication they have to their new responsibilities.

I notice there is an increased budget for the ag service boards, and that's of particular significance in the constituency I represent, for a very important reason. We have what's known in that constituency, to me at least, as border weeds that come down in the watercourses from Montana, some of them being devastating in nature because you can't kill them, they being leafy spurge and knapweed. The service board has taken a very active role in endeavouring to counteract this infestation, which will continue to move clear across the province if we don't do something to stop it. The initiative they have taken goes back to the fact that no animal will eat these weeds; consequently, they grow without anything to stop them, and spray won't kill them. We have a difficult problem, so they have initiated a program.

The one animal that will eat them, being a sheep -- they've been able to engage a program through Farming for the Future to get a little bit of funding help. The department has helped them with organization, and they have put 1,500 head of sheep on the St. Mary River. Last year was their first complete year, and I would just like to report that it was a very successful program in that the sheep literally cleaned the riverbank of that weed. We're hopeful that within two or three years of that program ongoing perhaps they can control that weed and kill it out. So it's an important project, and it's the only one we've been able to come up with that has come close to controlling that weed. Our spraying program has just not worked effectively.

The other thing I'd like to talk just briefly about is the soil conservation program that's received increased funding in this year's budget. It certainly has application in my constituency. The Blood Reserve has a very serious problem with soil erosion due to the fact that years ago they allowed some of their land on the northeast corner of the reservation to be broken that had very light soil. Due to fanning practices that may or may not have

been what they should, certainly not what they needed to be to control wind erosion, they have lost as much as six inches of topsoil in that area. Fortunately, we've now participated in a program of an irrigation project which will allow them to get some growth back onto that soil and hopefully build back a soil base.

The other thing I would like to speak on briefly is the irrigation system, the ICW program, 86-14 program that the Member for Taber-Warner spoke of earlier. Many of the districts -- six of them are in my constituency -- do their own work. In other words, they have their own machinery, and they do their own infrastructure repairs and maintenance. Consequently, they own their own machinery. They have been under a constant threat that this should be privatized. They, of course, see some disadvantages to that. First of all, there is only a small opportunity for them to do their work, that being in the spring before they turn water on and in the fall after they turn it off and prior to frost setting in. It gives them a short time of perhaps 60 days to do all of their maintenance work on their system. By having their own machinery, they're able to access it quickly, whereas if they didn't, they would have to bid it, hope they could get contractors in at the right time, and that's not always possible.

Secondly, they've found it to be very efficient. Because they know exactly what needs to be done, they have people who are trained on an ongoing basis who can move in and do a job very quickly and efficiently and probably at a better cost ratio than a contractor would do. Thirdly, this process allows local employment on an ongoing basis. The people work for them on a year-round basis. They are able to do other things during the winter, and in a constituency where we don't have a lot of businesses or a business tax base, certainly no businesses to employ people, it's an important factor. Even though the government has seen fit to only allow them 80 percent of government rate for their equipment that's used for these projects, they are prepared to live with that factor as long as the department will allow them to continue to do their own work with their own equipment.

The last thing I'd like to comment on is the farm credit stability program. The last time I looked, I believe there was about \$37 million taken up in my constituency under that program, and I would just like to say that more than one farmer has come to me and said that it was his salvation and that now he can see his way clear, that he's going to be able to handle it with the 9 percent money and 20 years to pay it, and they are coming out on top. They are very, very positive about that program and what it's done for them.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Any comments? Question?

MR. HORSMAN: Mr. Chairman, I think that in view of the hour we might well consider adjourning, and I would therefore move that the committee rise, report progress, and request leave to sit again.

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. JONSON: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. DEPUTY SPEAKER: Having heard the report, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. HORSMAN: Mr. Speaker, by way of advice to members,

tomorrow afternoon it is proposed to deal in Committee of Supply with the estimates of the Department of the Attorney General.

[At 10:24 p.m. the House adjourned to Wednesday at 2:30 p.m.]