

Legislative Assembly of Alberta**Title: Thursday, April 5, 1990 8:00 p.m.****Date: 90/04/05**

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

head: Committee of Supply

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Order please.

head: Main Estimates 1990-91**Agriculture**

MR. CHAIRMAN: It being 8 o'clock, I'd like on behalf of members of the committee to welcome the ministers of Agriculture this evening. I will recognize first the Minister of Agriculture, followed by the associate minister, to introduce the estimates which commence at page 31 of the main book and page 5 of the elements book.

The Minister of Agriculture.

MR. ISLEY: Thank you, Mr. Chairman. Before I respond to any comments or questions the hon. members may wish to ask, I would like to review in a general manner the estimates before us that underscore this government's commitment and support to the acknowledged leading industry of this province. As I stated to this Assembly on March 12:

Agriculture is the engine that powers our province's economy, and the vigorous communities that are centred on farming and its related enterprises give the social fabric of our province its greatest strength.

Expanding on that statement, I can say that the budget estimates before us provide the fuel that is used to run that engine.

The budget estimates provide for a 4 and a half percent increase with a total budget of \$333,274,263 and will continue to emphasize the threefold commitment of this government by, number one, maintaining producer income; secondly, reducing producer input costs; and thirdly, market and research development. The amount includes the departmental estimates represented by votes 1 to 5; the Agricultural Development Corporation, vote 6; the Alberta Hail and Crop Insurance Corporation, vote 7; and the Agricultural Research Institute, vote 8.

As the members will note, the departmental estimates have decreased 2 percent, for a total budget request of \$204,439,263. Part of this \$4,276,225 decrease is the direct result of the discontinued drought related programs that were implemented in 1988-89 when livestock producers were suffering financial pressures and when rural landowners and communities were facing critical water shortages in this province. I am pleased to state that just over \$22 million was paid out by the livestock drought assistance program, while 12,048 applications representing \$9.2 million were processed over a similar two-year period for the farm water supplies assistance program. This, Mr. Chairman, is another example of this government responding to the needs of Albertans in a time of necessity.

My department's budget also provides for a drought related increase of 12 and a half million dollars. The crop drought assistance program will enable the province to reimburse the federal government for 25 percent of the benefits distributed to Alberta farmers under the 1988 Canada/Alberta crop drought

assistance program. A total of \$25 million will be paid to the government of Canada on behalf of our crop producers over a two-year period.

The Crow benefit offset program, implemented as a feed grain market adjustment program in 1985-86, has been extended for a further year with a funding level of \$35,300,000. This amount represents a funding reduction of approximately \$11.2 million and is directly attributable to the offset payment being reduced from \$13 to \$10 per tonne that was effective September 1, 1989. A recent analysis indicates that the hurt factor of approximately \$12 per tonne is being experienced by producers.

As the Provincial Treasurer indicated in his Budget Address, this government is continuing its support of stabilization programs to farm producers with over \$21 million in contributions to the tripartite programs. These national programs – sugar beets, edible beans, honey, and red meats – stabilize market returns during periods of high costs or low prices. Payments to producers are made when the market price for a commodity falls below the designated level of support, thus allowing the enrolled producers to plan and continue to prosper.

To help offset farm input costs, my department's budget provides for the continuance of the farm credit stability program, the farm fertilizer price protection plan, while funding is provided by Treasury for the farm fuel distribution allowance. Transportation and Utilities will continue to fund the natural gas price protection to primary producers.

Reference was made in the Speech from the Throne that this government will assist business in the expansion of markets at home and abroad. My budget provides for the continuance of developing markets, primarily in the United States, Mexico, and Japan. In particular, it is important to note that sales of Alberta beef to Japan have increased from zero dollars in 1986 to an estimated \$40 million in sales in 1989. Promotions together with the easing of beef import restrictions in Japan may result in annual sales of \$400 million to \$500 million by the mid-1990s. Aggressive promotion of the commodity is necessary to achieve this projection because of large-scale promotional campaigns now being undertaken by Australia and the United States.

Mr. Chairman, the purpose of vote 6, Agricultural Development Lending Assistance, is to provide for the operating expenses of the Agricultural Development Corporation and to provide for interest and other incentives made by the corporation. The corporation's objective is to assist in improving the viability of farming and agribusiness operations by fostering the establishment, maintenance, and increased productivity of family farms and by encouraging the local processing of Alberta's agricultural products. This year's program calls for \$77,682,000, which has been reduced by 17 percent from last year through lowering carrying costs and property of \$4.4 million and \$11 million less in reserves for bad debts.

Our government continues to give high priority to the agrifood sector. Our commitment to agriculture is evidenced by the significant financial support provided to beginning and developing farmers through both interest support and loan programs delivered by ADC. ADC's services include assistance to farmers in agribusiness as well as financial counseling. The corporation's programs include beginning farmer loans, direct farm loans, our recently announced vendor mortgage program, agribusiness loans, and disaster assistance loans. ADC also provides numerous guaranteed loans and incentive programs. ADC's programs are designed to provide loans to farmers, particularly beginning farmers, at interest rates which will help these farmers get started in their farming careers. Part of ADC's revenue comes

from the government's funding of these programs, but the majority comes from interest paid by borrowers.

One of the hon. members of the opposition recently took the liberty of releasing to the press his interpretation of ADC's financial statements. He suggested that ADC had lost \$500 million on a \$1 billion portfolio. The fact is that at March 31, 1989, ADC had written off \$148 million since its inception in 1982 on direct and guaranteed loans totaling over \$2.9 billion. That is less than .05 percent.

MR. FOX: Who was that? Calgary-Buffalo?

MR. ISLEY: You're right, Derek.

MR. FOX: Calgary-Buffalo.

MR. ISLEY: That's right.

Out of the \$77.7 million requested in vote 6 for 1990-91, \$30.8 million is for net interest assistance, primarily for incentives to beginning farmers who pay 6 percent for the first five years of their loan and 9 percent for the balance of the term. Carrying costs on properties returned to ADC will be \$4.2 million. This is less than half of last year's cost. Operating costs are up by \$586,000 to \$10.8 million, principally due to the cost of field automation to improve client service. Reserves for bad debts are estimated at \$31.9 million, down \$11 million from last year, which we are hopeful will be a continuing trend.

Over the past year the corporation has been concentrating on working out problem accounts to try to keep as many people on the farm as possible. At the same time, accounts are being monitored to ensure that most borrowers continue to make payments on time. Over the past year arrears on accounts over one year have dropped from 8.9 percent to 6.4 percent.

At March 31, 1989, the corporation had 713 quarter sections of land on hand. As of March 31 this year the corporation had approximately 460 quarters on hand, and about 330 of these have offers pending, leaving a net portfolio of 130 quarter sections. The corporation has sold 229 quarter sections by auction in the past few months.

ADC estimates that it will lend \$95 million in 1990-91. This represents approximately 1,000 loans to farmers for a total of \$87 million and 40 loans to agribusiness totaling \$8 million. In addition, we estimate that ADC will guarantee a further \$102.9 million of loans through financial institutions. This represents an increase over last year of 5 percent in direct loans and 9 percent in guarantees. Funding of the direct loans will come from the heritage fund and from the new vendor mortgage program. I am proud of this substantial commitment to our agricultural sector.

Thank you, Mr. Chairman, for the opportunity of allowing me to share some thoughts with you. I will now turn it over to my colleague the associate minister to highlight the various initiatives under her section.

MR. CHAIRMAN: Thank you, Mr. Minister.

Before I recognize the hon. associate minister, would the committee give unanimous consent to the Minister of Education to make an introduction of some people in the gallery? Agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? Carried.

The hon. Minister of Education.

head: **Introduction of Special Guests**

MR. DINNING: Mr. Chairman, it's my pleasure tonight to introduce to members of the committee Mr. Russ Tynan, who is the president of Junior Achievement for Southern Alberta, a very important part of our education system. Mr. Tynan is in the Legislature gallery for the very first time to see the legislative proceedings in action and, most of all, to see the importance of agriculture and the way agriculture contributes to the Alberta economy. He wants to know that so he can make sure that's part of our junior achievement program. I'd ask him to rise and receive the welcome of the Assembly.

head: **Committee of Supply**
head: **Main Estimates 1990-91**

Agriculture (continued)

MR. CHAIRMAN: The hon. Associate Minister of Agriculture.

MRS. McCLELLAN: Thank you, Mr. Chairman. For the past year I've had the distinct pleasure and good fortune to be involved with the department, where staff are dedicated to their work and to the well-being of the agricultural producer. In particular, I wish to recognize and acknowledge the sincere and earnest efforts of those men and women in our rural agricultural offices who are making a great contribution to their communities. These individuals are the primary contact with our producers, and I am told that during the last year there were more than 480,000 client contacts in the six agricultural regions.

As this government places a high priority on soil conservation and the need for better management of this basic resource, the Canada/Alberta soil conservation agreement was signed on July 24, 1989, with the purpose of introducing conservation programs to producers. Because the budget for the 1989-90 fiscal year represented less than a full year of operation, an increase of \$1,755,000 is identified in the department's budget estimates.

To continue the rehabilitation and development of irrigation systems, my department provides funding assistance through the Alberta Heritage Savings Trust Fund totaling \$25 million. The irrigation rehabilitation and expansion program provides grant assistance to 13 irrigation districts, while assistance to individual producers is channeled through the private irrigation water supply program.

Mr. Chairman, I would be remiss if I didn't provide some commentary on the overall reduction of approximately \$1.7 million in Ag Societies and Development Committees. This reduction is in fact not a reduction, and I should inform hon. members that this funding will be paid through the Lottery Fund. However, the administration and the capital grants program for ag societies will remain with Alberta Agriculture.

As announced in the Provincial Treasurer's Budget Address, my department's budget estimates include \$40 million for an improved crop insurance program whereby the province and the federal government will each pay 25 percent of the premium costs, producers will continue to pay 50 percent of the premium costs, and each government will share the administration costs 50-50. The expansion and upgrading of this program will allow the revision of risk area boundaries, major changes to the forage insurance program, and allow the province to proceed with the introduction of indexing. Mr. Chairman, indexing will provide greater stability and coverage levels following serious crop losses and will allow us to build in safeguards that prevent coverage

levels from moving up or down more than 5 percent in one year. As a result, our producers have better coverage, more stability, greater flexibility, and a wider range of options. These changes are another example of this government listening and responding to the concerns of our producers.

The Agricultural Research Institute was established in 1987. It was established for the purpose of promoting, co-ordinating, prioritizing, and supporting agricultural research and, maybe most importantly, to ensure transfer of the resulting knowledge for the benefit of a viable and sustainable agrifood industry. It actively promotes greater co-ordination in research amongst all of the agencies and organizations involved in agricultural research in this province and is done through the research program review process and through funding of research co-ordination meetings. The institute, Mr. Chairman, encourages greater involvement of the private sector in funding and doing research on a matching-grant basis. Because funds were received and directly credited to AARI, a reduction of \$1 million shows in the budget. I would add that on the research side we continue to administer the Farming for the Future program, which we will address through the heritage estimates. This has been an extremely positive program and extremely successful. I think the two programs together have provided a valuable research system in our province.

Mr. Chairman, I think with that I will conclude my remarks and look forward to comments and questions from the members.

MR. CHAIRMAN: Thank you.

The hon. member for Vegreville.

MR. FOX: Thank you, Mr. Chairman.

I'd like to thank the ministers for making their comments informative and trying to explain some of the budget items.

I'd like to begin my remarks, if I may, by expressing my appreciation as a member who represents a rural riding to the people who work for the Department of Agriculture. I can say without exception that my contact with the people *in* the employ of the department – they work very hard to try and improve the quality of life in rural Alberta and work very hard to help develop the industry. Of course, the groups we most often come in contact with are the people involved in the communities as district home economists and district agriculturalists. I've been most impressed not only with the way they perform their responsibilities but with the way they involve themselves in other activities in the communities in which they live. I think it speaks well for the department.

If I do have some concerns with the Department of Agriculture, Mr. Chairman, and I do, it has nothing to do with the people who work there. It has everything to do with the people who set the policies in place that these poor people have to go out and try and implement. I should make it very clear that I don't mean that in a personal sense. I think both ministers are very committed to the industry, and I'd have to say I'm impressed with the amount of effort they put into doing work in their portfolio areas and the kind of involvement they have with the many groups in agriculture in the different regions of the province. But I would say just as a general overview that it's going to be my challenge, my mission if you will, over the next two or three years to go out and challenge some of the myths that have been generally accepted in rural Alberta; that is, that their best friend is the Conservative Party, that the Conservative Party knows what's good for agriculture, and that the Conservative Party is there to represent farmers and the interests of rural

Albertans. I think the record shows otherwise, Mr. Chairman. [interjections]

The Member for Calgary-Shaw might want to come out to my riding and open a paper and see page after page after page of farm sales, articles on the front pages of these papers talking about school closures – that's an interest of his – articles in other places in the papers talking about small rural hospitals losing their doctors and worried about having to close down. So there are a lot of concerns about the quality of life in rural Alberta, and they relate very closely to the health or lack thereof of our most basic and most important industry, agriculture.

I think now that this government's been in power for 19 years with an overwhelming majority, and many of them rural representatives, and we've had a Conservative government in Ottawa for six years, and the problems have been getting worse instead of better, it's time to challenge the myths and take a very close look at just what the impact of Conservative policy over the last numbers of years has been on our agricultural industry in a specific way and on the communities that farmers support in a broader sense. I guess that's the area I intend to cover over the next several years. I don't pretend to be able to articulate all of the arguments tonight, perhaps never will be able to articulate them *in* a way that the Member for Vermilion-Viking will understand, but I want to establish the ground.

If I may start by going through some of the more interesting items in the budget in a specific way, I'm pleased to see that the ministers don't seem to feel the same driving need as some of their colleagues to make dramatic increases in funding for their own offices. I think they've been responsible and moderate in that regard. Even though there's twice as many of them as we need, I would tip my hat to the ministers of Agriculture for their prudence.

MR. HYLAND: Which one, Derek?

MR. FOX: Well, I do intend to replace both of them when the time comes, Member for Cypress-Redcliff.

Going through the book, vote 2, the first item that catches my eye: the reduced commitment to the Crow Benefit Offset. I think that's an obvious result of the lowering of that from \$14 a tonne to \$10 a tonne. The concerns I have about the program that I'd like to raise: one is in terms of the administration of the program. I understand there's been a directive issued to district agriculturists that they're not to provide assistance to farmers filling out the forms anymore to access the Crow benefit offset program. I can appreciate that the district agriculturists and people in their offices spend an inordinate amount of time helping people fill out these forms, and that of course takes away from the time they're able to spend doing some very important work out in the country and helping to develop the industry in other ways. But I think what the minister should realize is that the forms that they have to administer this Crow benefit offset program are very complicated and that as long as this program is going to be in place, it should be easy for farmers to access. It is very complex.

I'd like to ask the ministers if they have any record as to the amount of slippage in this program. How many people give up in frustration and don't even bother applying for the money, especially now that the dollar amounts have come down somewhat? Is there slippage? Is this something that we can address through improved communication and better use of the forms?

In terms of the issue, though, I'd have to say, Mr. Chairman, that I was alarmed at the almost obscene waste of money spent on this little document that the government sent out to rural Albertans bragging about their attempts to introduce the pay-the-producer concept, the pay-the-producer pilot project. They had their buddy Hugh Planche, working for years at a high salary, go down and try and convince all the Conservative MPs in Ottawa that they ought to adopt some Conservative policy. That was one I never did understand.

But I'd have to say that in terms of an issue, Mr. Chairman, it's been a long time since I've heard anything oversold as much as the purported benefits of the pay-the-producer option. To hear the minister talk about it, you'd think that immediately the change is made, the streets of rural Alberta will be paved with gold, that this is going to be something that will revitalize agriculture and make all the difference in the world. I submit that though there may be some benefit to further processing, some benefit to the livestock industry, basically the immediate impact of that program will be to lower the value of grain on the prairies. I and my party have never . . . [interjections] Well, when the value of grain is lowered by \$23 a tonne, hon. member, I think you can say that it's lower than it was before. That'll be the immediate impact. There is a vague promise of perhaps a \$105 million input from some level of government somewhere to take care of the so-called dilution. But I don't see that in the budget here; I don't see a \$105 million dilution payment here. I don't see anything that relates to that. So the immediate impact, Mr. Chairman – and I wish these guys would understand it – is that the value of grain will be lowered by \$23 a tonne. I don't see how that helps anybody. I don't see how that helps anybody on the prairies.

The long-term aims of this government have to be laid out very clearly for Albertans. There's a nice picture of the minister here meeting with cattlemen and laying out his agenda where he says, "Mind you, I did tell the National Farmers Union in the long run we'd be better off to just scrap the Crow." Now, I hope the crow he was talking about is John Crow, the governor of the Bank of Canada, because if that's what he was talking about, I'd join him in that little initiative. But in terms of scrapping the Crow – and I know this is a long-term policy objective of the government – it's something that I warned them about when we started getting into these alterations of the Crow benefit and the Western Grain Transportation Act and trying to modify the Crow benefit and change the method of payment. In the long run what it's going to lead to is a loss of \$720 million from the prairie economy. And somehow this is going to be good for everybody.

The minister says we'd be better off to scrap the Crow. That means don't pay the railways, don't pay the producers, phase it out all together. If the minister thinks that's going to be a benefit to the economy . . . He might be able to hold that opinion, but I think, Mr. Chairman, when one analyzes the downside of it relative to the potential upside, that it's really been grossly exaggerated by the government in terms of its impact.

In terms of vote 2.2.11, Red Meat Stabilization, a 21 percent increase in the commitment to the plan, I'd just like to express, if I may, a concern about the administration of that program and bring to the minister's attention once again the efforts of one John Vander Heyden in southern Alberta, who himself is an operator of a large feedlot and has benefited from the changes in the red meat stabilization program. I refer to, of course, the decision to remove the cap from the red meat stabilization

program. There used to be a 2,000 head per quarter cap on payments under that program, and I gather because it was found to be difficult to administer, because there was found to be a little bit of creative bookkeeping in the industry, the government federally, and I assume with the usual complicity of the provincial Conservative government, decided that it was better just to remove the cap and open things up wide. But I think we have to examine that policy in terms of its impact on the industry and on communities. That will result, as sure as night follows day, in increased concentration in the livestock feeding industry. One need only look at the United States, and there are well-documented examples of how that concentration occurs.

I would like to suggest that it's important with this, indeed with any agricultural support program, that we have targets set in terms of who we want to help and why and as a result put caps on these programs. If there is going to be public input – and there is public money here; it's a tripartite stabilization: one-third from the producer, one-third from the feds, and one-third from the province – there should be a cap on that. If someone who's producing more than 2,000 head per quarter wants to have an insurance scheme over and above that, then I think that should be their right, and we should help design a program that enables them to buy that kind of income protection, if you will, using their own premiums, not money from taxpayers. Because I believe that targeting that program and some others would make sure that public input is focused at helping the small and moderate sized family operation and won't be something that undermines the stability of our industry and our communities.

I was glad to hear the associate minister refer to the ongoing commitment to funding the agricultural societies. It was a figure that caused me a bit of concern, but I understand the commitment is still there to provide the assistance to these valuable associations. I must express a little concern about the basis for the funding of these ag societies moving out of what is a fairly stable, reliable budget in the hands of two fairly stable and reliable ministers into a more capricious and less reliable system where it's funded through lottery revenues, which may or may not be there, and funded in a way that's not subject to the usual kind of review and debate and input. The minister's smiling. I'm not sure if he thinks he's a little more responsible in terms of managing the public funds and dealing with things than the current Minister of Public Works, Supply and Services. If he does have that opinion, I'd agree with him, because we certainly have some concerns about the way lottery funds are handled in the hands of a minister who seems to have a very casual acquaintance at best with democratic procedure.

I'm pleased to see an increased commitment – and you hear all this positive stuff, I hope, Member for Rocky Mountain House: I'm pleased to see; I'm happy to see; I congratulate the government. You're hearing this, because those words are in there.

MR. LUND: Yeah.

MR. FOX: Okay. It's in there once in a while.

Vote 53.6, the increased funding of some \$1.8 million to the Canada/Alberta soil conservation initiative. I think that's reflective of the associate minister's commitment to soil conservation. I well remember the Bill she shepherded through the Assembly, in the former minister's term, that I think was a very positive one.

I must say I was more than pleased to see the minister being able to present an award to a group whose existence I brought to her attention during debate last year, and that is the Stanislaw Sandblasters, a group of fanners whose efforts are directed towards trying to encourage sound cultural practice and encourage farmers to preserve that very precious resource, the thin layer of skin that covers parts of our planet and feeds us all. I'm pleased to see that the government is providing some assistance for soil conservation initiatives.

I would assume that the 17 percent reduction in vote 6.0.1, the Agricultural Development Corporation, would have something to do with the anticipated impact of the vendor lending program. I'm not sure. Perhaps the minister would explain that when she gets a chance. But I would like to take the opportunity to just tip my hat, if I could, for perhaps the last time this evening, in the direction of the minister for the vendor lending program that he was able to announce a couple of weeks ago. I think that's a positive initiative and again one of the things this government's done that the Official Opposition has recommended to them. [interjections] I can show you where the hon. Member for Vegreville campaigned on a vendor lending program in 1986 and said he was going to work until he convinced the government to bring it in.

But true to form, it's like most of these responses from the government; it's too little too late. I suggest that if we wanted to do something dramatic to facilitate the intergenerational transfer of land, it would have been a whole lot more appropriate four years ago than it is now, but certainly, if there are any young people left in the province who want to get into agriculture, this program will help them. Better late than never; I'm glad it was brought in.

In terms of crop insurance the minister did talk – and, in fact, perhaps the only thing that was mentioned in the throne speech in terms of their so-called commitment to this number one economic priority they call agriculture was a promise of some improvements to the crop insurance program: long overdue but will certainly be welcomed by the farm community, and I look forward to having the opportunity to debate the changes once they're presented in the form of a Bill. I assume it will be in this session that we'll see some changes, or are they just going to be administrative changes?

MRS. McCLELLAN: I'll answer that.

MR. FOX: Okay. We look forward to future discussion. I'm sure we'll have the opportunity.

However, I would like to express my concern about the funding arrangements that have been made with the federal government. It's no secret that the federal Conservative government has been trying to off-load a number of their expenses on the provincial levels of government, and crop insurance funding is one area where they successfully did that. I'd like to suggest that this government, these ministers under the leadership of Premier Getty, seem to very often cave in to the demands of my MP, Mr. Mazankowski, because he certainly outnegotiated them on this one.

Just to remind you, Mr. Chairman, the prior arrangement was that the premiums for crop insurance were shared 50-50 by the producers and the federal government, and the provincial government picked up the administration. The federal government, wanting to reduce its share of funding, persuaded the province to split their half of the premiums. So what we have now is a situation where the producers pay half the premiums,

the provincial government pays a quarter of the premiums, the federal government pays a quarter, and the two levels of government split the costs of administration 50-50. Now, that's certainly better for the federal government in terms of their budget figures. It's not better for the provincial government because it's an increase in expenditures, and it's not better for the producer because it doesn't mean anything to them. I believe the minister agreed to the changes because there were some promises made about improvements to the program, and that was the trade-off.

But I think if we'd been shrewd in our negotiating, we would have been able to get the federal government to not reduce its expenditure quite as much and come up with a one-third/one-third/one-third funding arrangement for crop insurance premiums, which would have the producers, federal government, and provincial government each pay a third of the premiums. This would be modeled along the lines of the tripartite stabilization programs. I might remind you that in terms of debate at the international level about what is and what isn't an appropriate public contribution to the health of an industry – GATT negotiations, so-called subsidies to agriculture – there seems to be more acceptance in a general way for money that's directed to help producers in the way that crop insurance helps them. It's not income insurance; it's production insurance. We're able to get committed to this one-third/one-third kind of cost-sharing arrangement with our stabilization programs, which are income insurance basically. I think we should have moved to that with crop insurance, which is a production insurance kind of agreement. So I would have much preferred that sort of a system to evolve from the debate that occurred, but again I do look forward to the specifics that will be introduced on changes to crop insurance so that we can discuss them in a more thorough way.

Mr. Chairman, that gives me an opportunity, I think, to talk a little bit about the Canadian crop drought assistance program. The minister raised it in his discussion, and I'd like to remind members of the Assembly just a little bit about that program. You might remember in the fall of 1988 when the Conservative government – come to think of it, they were running for re-election then too. It's a coincidence how whenever there's an election coming, the federal Conservative government and the provincial Conservative government seem to take a greater interest in farmers. Anyway, they came out with a drought assistance program. The federal Minister of Agriculture described it as an \$850 million program. The Prime Minister at the time, Mr. Mulroney, made a promise that this money would be delivered to producers early in the new year, and figures of up to \$50 an acre were mentioned. This was great news for producers who'd suffered the ravages of drought because of poor conditions during the summer of 1988.

During the winter people were asking questions, wondering when the money's coming – who's going to get how much when; how's it going to be distributed? – and there was very little in the way of answers. I can remember that it wasn't until June of 1989 that this Legislature finally got back into session and I had a chance to raise concerns with both ministers about this program to find out what kind of pressure they were putting on the federal government. I mean, this money was promised early in the new year. Here it was, halfway through the year, long past the time when farmers were incurring the expenses involved in putting in the 1989 crop, and they still hadn't got this much-ballyhooed assistance from the federal

government promised as a result of the hardships incurred in the 1988 crop.

I found out that they weren't doing very much about it except having meetings here and there with Mr. Mazankowski so that he could twist their arm and persuade them to accept some of the funding burden. I must say that as a taxpayer in the province of Alberta, I took great offence to the idea that we should have to help pay for the election promises of Brian Mulroney, who, I might add, in the budget figures tabled in Ottawa in March of 1989 only had \$425 million pledged to this \$850 million program. But anyway, that's the politics of the issue. It was an ill-conceived, poorly administered program that promised to deliver money to farmers. I would maintain that most people who got money didn't get the balance of it until sometime in August, at the beginning of the 1989-90 crop year, and that's just unacceptable performance.

But I'd like to ask the ministers to respond to a question about the administration of the program in terms of complaints. I've received them from a number of producers, and in particular there are 12 farmers down in the Chinook area who wrote to us expressing their concern. They believe they were promised, by the Tory MP out there campaigning for re-election and subsequent promises referred to by the provincial Conservative government, about \$50 per acre in compensation. Well, when they got their initial payment it was \$7 an acre. This was enough of a disappointment to them, but sometime later they got a bill from the government asking if they'd send \$6 an acre back. I know this isn't on the plate of the provincial ministers; it's not a problem they created, but I'd like to know what the heck they are doing about it. This program has been very poorly administered and unfairly administered, where in lots of cases people who suffered drought aren't getting the money and those who didn't are, and I'd like to hear them respond to that.

It reminds me of the need – and I hope it's addressed in the review of crop insurance – to fulfill the long-standing promise to bring in a comprehensive disaster assistance program that complements crop insurance, that's in place and ready to respond, not the ad hoc thing that Conservative governments will haul out at election time to bribe farmers, but something that's there. People can count on fixed per head, per acre, per hive payments that will respond to their genuine economic need, not to a particular party's political needs at the time.

This is something that John Wise talked about in 1985. I believe discussions have gone on, and what we're talking about is something that is there to respond to the big picture. Crop insurance is great for individual loss situations to make up for shortfalls here and there, but every once in a while we have situations on the prairies where there's widespread loss and where the disaster is such that it's not just individual producers who are feeling it in the old pocketbook. We're talking about the economy of an area, the economy of an entire region being impacted by the shortfall in production. Certainly the drought in 1988 was a fine example and, again, some areas in the province in 1989 that suffered that kind of drought. The Peace River area is an area that the ministers are both well-acquainted with as an area that would qualify for this kind of disaster assistance program. I would like to tip half my hat, I guess, to the ministers for their response to the problems in the Peace River area. I think part of the program is good. I don't think it went far enough. I'm concerned that the dollar values, especially for the reclamation costs of the land damaged through attempts at harvesting operations in those poor conditions – they'll find that that money wasn't enough.

I'm also concerned about the hard line taken by the ministers on the crops that were insurable: no assistance to crops that were insurable. The economy of the area has been devastated by this disaster, and I think the response has fallen short. And if it's fallen short in a specific way, it's because I didn't see either of these ministers doing what I was doing, and that is lobbying Don Mazankowski to make sure the feds pony up their share of the assistance to this program. They've got money to spend on drought when it's an election year for them, but I didn't see them making a commitment to the producers in the Peace River area to help provide per acre assistance for these people. I would have liked to have seen the ministers do a little bit more lobbying of the federal government in that regard.

That would bring me, Mr. Chairman, to a discussion about something that's a little more immediate and at hand. It relates, I guess, to statistics published by the Department of Agriculture. Now, we're going to get in an argument about this again, but the provincial Department of Agriculture in a document that many of us have seen was saying that net farm income in the province of Alberta is predicted to decline by 54 percent in 1990. Now, I read that and I was concerned. Fifty-four percent; that's a dramatic decline. I think people understanding the figures will know that that's due mainly to shortfalls in price and production in the grain and oilseeds industry. Now, I raised this concern with the minister in the House here and told him that because there's an anticipated election in Saskatchewan, it's likely that the federal Conservatives will go and try and save Grant Devine's bacon in that election. They're going to pony up some cash for the producers there. Let's make sure that the Alberta minister is standing alongside Grant Devine and telling the federal minister: "Hey, our income projections are for a 54 percent decline in net farm income. We want to make sure we get our share."

MR. HAWKESWORTH: We want Devine manna from heaven or from Ottawa.

MR. FOX: That's right. We want some Devine manna from heaven.

The minister's response was a little casual as far as I was concerned, Mr. Chairman. He was saying that farmers in Alberta are enthusiastic about spring; they're looking forward to things. "We don't really have a problem here because we've got such a diversified, strong economy. Besides, the hon. member is using figures that aren't provincial or federal." They're in a provincial document. I don't care who figured them out. Then he tells us the other day when we raised the concern again, "Hon. member, it's not 54 percent; it's 48 percent decline in net farm income," and that made my heart feel good. I could hear the excitement out in rural Alberta. They're saying, "Folks, our income's not going to decline by slightly more than 50 percent; it's only going to decline by slightly less than 50 percent." That was good news the minister brought us.

But the point is, Mr. Chairman, the federal minister has said: "Look, we'll put \$450 million into the prairie economy to address what we calculate is half of the shortfall in net farm income over a five-year average, but you have to match it. Now, understand that that's going to create some difficulties. You have to match it." I understand that the provincial government feels that they're already doing some things to help support agriculture, and that's not to be denied. That's not to be denied, and if they want to argue with Mr. Mazankowski that the \$15 million or whatever the final cost will be of the Peace River assistance

program be considered as part of our contribution, I'll help them make that argument. But I want to say that the \$80 million figure is calculated on what the estimate is of our shortfall of the five-year average income. It includes the income that farmers get or the benefits they receive due to reduced costs of inputs from the programs the minister's described. The shortfall is still there and needs to be addressed. The worst thing that could happen, Mr. Chairman, is for Conservative politicians at both levels to stand around and dicker and dither and bicker with each other, and the people who need the money to put the crop in the ground end up standing there with their pockets empty, wondering what the heck's going to go on. So I'm just making an appeal, if I might, to the minister to get on his horse, go down to Ottawa, and get that 80 million bucks and come back and give it to the producers in Alberta.

Mr. Chairman, they have responded to the predicted shortfall in income: 54 percent, now 48, now 46; who'll give me 45? They have responded to that anticipated decline in net farm income, to be felt mostly by producers in the grain and oilseed sector. What have they done? They've jacked up the price of fuel by 10 cents a gallon, and who's going to feel the brunt of that? Producers in the grain and oilseed sector. Now, isn't that an interesting coincidence? One of these days when I get time, I'm going to sit down and I'm going to itemize all of the things that Conservative governments federal and provincial have done to, not for, the grain and oilseed industry. But they jacked up the price of gas 10 cents a litre . . .

MR. McEACHERN: Ten cents a gallon.

MR. FOX: Ten cents a gallon; 2 cents a litre off the farm fuel distribution allowance. Thank you for correcting me, Member for Edmonton-Kingsway.

Ten cents a gallon: \$20 million taken out of the grain and oilseed sector at entirely the wrong time, and the Leader of the Official Opposition stood in his place and urged the minister to restore that benefit to farmers so that we could again . . .

[The member's speaking time expired]

MR. CHAIRMAN: The hon. Member for Westlock-Sturgeon . . . Excuse me. Order please.

The hon. Minister of Agriculture.

MR. ISLEY: Thank you, Mr. Chairman. To the hon. Member for Vegreville. I appreciated his first two comments, where he complimented the quality of staff of Alberta Agriculture – and I'm sure many of our people in the gallery appreciated it too – and some complimentary statements he made with respect to the associate minister and myself. I think maybe at that point in time he should have sat down and cut off his remarks. But he did go on to prove, I think, to the House and the Agriculture staff in the gallery that he is probably equal to more than the associate minister and I combined, because I think we took 18 minutes and he took 30.

But in doing all that, there are only two or three areas that he motivated me to respond in, and I honestly thought, hon. Member for Vegreville, that in our debate in Fort Saskatchewan I had finally enlightened you on the benefits to rural Alberta to pay the producer. I have to try once more to educate you a bit by saying that if you want to bring some vitality back to rural Alberta, if you want to create secondary processing jobs in rural Alberta, jobs for the young people of rural Alberta, then we

have to start some value-adding to agricultural products out there. We have to modify and renovate an outdated grain collection and distribution system that was built for our grandfathers in the days when they were still using horses and bring some efficiencies to the whole transportation and collection system.

The hon. member tries to suggest that paying the producer would reduce the price of grain by \$23 a tonne, making the assumption that if you're paying the producer, nothing else changes. I think there's a recognition in the minds of those who understand the situation that along with a change in the method of payment and putting that transportation dollar in the farmer's pocket – and he's no dummy when it comes to handling money – is going to have to come some changes to some other sacred institutions, changes to things like our Canadian Wheat Board, changes to things like our Grain Transportation Authority, so that the whole system can then respond to the farmer with that dollar in his hip pocket. I can assure you that when the farmer starts shopping with his money, he is going to not lose \$23 a tonne; he's probably going to net out better than he's getting today.

So I would throw the challenge to the hon. Member for Vegreville that *if* he is committed to growth in rural Alberta, *if* he's committed to new jobs in rural Alberta, *if* he's committed to value-adding in the agricultural industry, it's time he got educated and came on side on the pay-the-producer concept like every farm organization in this province has done with the exception of one. The exception of the one is the one he referred to where he quoted me as suggesting to them that I said that maybe in the long term the best thing to do would be to scrap the Crow. I was talking about the Crow rate, not John Crow. But I also went on to say that if you did it without a transitional period, it would have chaotic impacts on the agricultural community. But if you had to choose between scrapping the Crow tomorrow or keeping it for 20 years, I suspect that after going through a very dramatic period, agriculture in this province would be better off by scrapping as opposed to keeping. Fortunately, nobody is pushing for doing either one of those. We're pushing for a diminishing payout.

The red meat stabilization program and the concept of limits. I would remind the hon. member that the limits were negotiated out, with all provinces supporting that and many provinces other than Alberta pushing for it.

I appreciate the half tip of the hat from the hon. member on our assistance to the Peace River area. I also noted the disappointment he expressed that we hadn't done some topping off of crop insurance, but I would remind him and anyone else that if we want to make our insurance programs viable and acceptable and keep people enrolling in them, then you've got to treat them as insurance programs and not distort them by adding additional things.

The other point I would make just before I sit down is that I would encourage the hon. Member for Vegreville to quit talking about subsidies to the agricultural industry in this province. There are no subsidies to the agricultural industry. The subsidies are going to benefit the consumers through cheaper food costs, and the sooner members from rural Alberta stand up and say that loud and clear, the sooner we'll have a stronger, more respectable industry.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The hon. Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman.

MR. CHAIRMAN: Order please. I'm sorry, hon. member; I didn't notice the associate minister.

The Associate Minister of Agriculture.

MRS. McCLELLAN: Thanks, Mr. Chairman. I think that when there are rather lengthy presentations, we would appreciate the opportunity to make a couple of quick responses so we don't miss them.

I just have a couple of areas that I do want to respond to. I would thank the hon. member and acknowledge again the important work that our people in our district offices do. We certainly appreciate that in all of our rural communities. I guess I have a disappointment, though, from that statement on because I certainly recognize – and the minister does too – that there are challenges to agriculture at the present and certainly challenges in the future, because it's a fast-changing industry. But to simply say that he disagrees with the policies without becoming specific is not much help. I have run into this in my year, and I really would appreciate some constructive thoughts from any of the opposition members on agriculture rather than this general, "None of your policies are good." So that's a challenge to you, hon. member.

Ag societies. I would like to assure you – you may not have caught that in my comments – that the administration of the program remains with Agriculture, and the grants that are paid that will be now paid out of the Lottery Fund are moneys that ag societies apply for, are approved, and then paid. So the administration of that process will rest with Alberta Agriculture, and it will be well administered, as all of our programs are. So I hope that gives our member some comfort level in that.

Positive comments on the soil conservation initiative. Certainly it was a pleasure for me to meet the gentlemen from the Stanislaw Sandblasters, which received an award from the Alberta Conservation Tillage Society, well-deserved.

The crop insurance program changes. I would just tell the hon. member that the brochures are out for the new 1990 contracts. I'd be happy to share some with the hon. member. The program is developed; however, the regulations are being drafted now. But the real major item, one I covered in my comments, is the indexing. That was very important, because it takes us away from that hard averaging, which has brought our producers' coverage levels down so drastically when they suffered more than one or two years of crop losses. That cannot occur under the indexing program. The other one was the opportunity for risk splitting, particularly important if you're dryland and irrigation farming. So you have that option.

The other one was the introduction of new and specialty crops that we didn't have historic data for. It was very difficult to introduce into the crop insurance program under the Act as it was those new crops. That was something we felt in the disaster in the Peace. There were crops there that weren't insured because they couldn't be insured. Now through the new program we have the ability to develop a methodology and criteria for the introduction of new crops, and that process should be much faster. I think that will be appreciated in a lot of areas, particularly because we are diversifying our cropping, and we are introducing new varieties and new crops at an amazing level, I think. We've been able to expand the risk areas, and I think that was another important part of it.

I don't think we will find that the federal government's expenditure in crop insurance will go down. I think the program

is much enhanced, and I think it's going to cost both of us some money. But I think it's important because the additions, enhancements, that we've made are the ones that were really important. I don't disagree that there should be discussion and debate on the one-third/one-third concept. But, hon. member, we have been reviewing the Crop Insurance Act; it began in 1986. It was very important that we have a new, enhanced program for our producers. You have to remember that the Act is the Canada Crop Insurance Act, so it requires changes to federal legislation, which requires consensus, if you wish, from 10 provinces that are participating. So we felt it was important, in the interest of our producers, to get a crop insurance program in place that was responsive to their needs. I think we have achieved that. It's like anything else we do; I guess we keep working to further improvement. But I think it's very important that that program is in place for the producers in Alberta in 1990.

The Peace River program. I recognize the disappointment, but the minister mentioned the integrity of our insurance programs. I would also remind the hon. member that we do have a program in crop insurance, which is the multiyear disaster program, which kicks in and pays approximately an additional 10 percent in areas that have back-to-back severe crop losses, and that did kick in this year in about five municipalities in the province. It didn't kick in in the Peace River area because they did not have a crop disaster last year. As you would know, perhaps in most of the area they had a better than average crop. But that disaster program is in place, which is included and built into the premium base that people pay when they take out crop insurance. Another thing we are doing in crop insurance is offering a variance in dollar level coverages, which will allow the people who just want to insure for disaster to insure at a lower rate.

So we've done some things. That doesn't mean it's complete, but I think what we have to do this year is give this a chance to work. We've done a lot of changes to it. We've brought coverage levels up to what we think is normal, and that was important. So we're saying that for the first year we won't change; we'll leave it. We'll have a look at it; we'll see if our levels are correct. But another very important part of our program is that we brought people's coverage levels back up to what we think is normal, and we didn't reduce their coverage if they had a positive.

So, as I say, I look forward to some positive comment. I guess that all I can say is that if you have constituents who have problems with the programs, probably the best way to deal with them is to contact my office. I'm quite available, quite willing to discuss it. I think this program is important. I think we've worked hard to see it in place, so let's give it a chance to work.

Thank you.

MR. CHAIRMAN: Then hon. Member for Westlock-Sturgeon.

MR. TAYLOR: You're sure? Thank you, Mr. Chairman.

Today I, too, would like to follow in the footsteps, tiny as they are, of the Member for Vegreville and thank the department for the co-operation I've received from time to time. Their people in the Department of Agriculture have always been most helpful. The ministers – I guess the Agriculture department might be like a jug that's seven-eighths full of water: everything's very solid and full on the bottom; when you get near the top, it gets a little empty. Nevertheless, that way I can sort of pay a left-handed compliment, if I can, to the hon. ministers.

I had a couple of general points to make, and then I think I'll try to get fairly specific. Unfortunately, I won't be able, as the party to my right, to come up with all the solutions to agriculture in five or 10 minutes. It is a very, very complicated field, as everyone well knows, and unless you adapt the supply management idea – in which maybe he has a point or two – you're going to have problems in agriculture, where you're dealing with world markets and where we make so much of our money from export markets. It's a very difficult problem, indeed, to try to develop policies that will satisfy both the supply management sector and the competitive sector.

I want to touch on a few things. I think the minister mentioned that I was wrong in some of my figures on the Alberta Agricultural Development Corporation. I would stand corrected, but I had a 10-year summary – which I can't find now to save my life – and in it, to me it was fairly clear that 60 percent of the loans in agribusiness had gone sour in 10 years, which is a pretty bad record. After all, if most of us just lent money to anybody who put their name in a hat, we should be able to come up with better than a 60 percent record. But I will certainly be open to correction on it. Because it was so horribly bad, I had to recalculate it three or four times and pass it on to someone else in order to try to determine whether indeed that was true.

But I must also say that I think the Agricultural Development Corporation has made great strides forward in the last two years. We in the opposition would like to take some credit for that in that they seem to be trying to put a bit of a human face on the loan policies and are beginning to understand that if, indeed, we're going to continue to have rural development, we have to work with our borrowers to try to get them out of their messes and that sometimes maybe you have to re-evaluate or restructure the loan quite drastically to the point of a write-down. I know it's always, "No, we're not going to write down," but the point is that if you don't write down to the tenants that are there now, or the borrower now, you're just writing down to the next one that buys. So it's a very losing proposition to argue that you're losing something by . . .

MR. CHAIRMAN: Order please. I wonder if I could encourage members of the committee to keep their conversations down a little bit. The Chair would sort of like to hear what the hon. Member for Westlock-Sturgeon has to say.

MR. TAYLOR: I don't blame them for talking loudly. I have a fairly loud voice, and if they're going to hear themselves, they've got to talk loudly. [interjections] If I just whispered, they would be able to whisper too. I think your Whips are maybe a little too efficient, Mr. Chairman. A lot of those who don't want to be in here tonight should be allowed to leave; otherwise, they would carry on their card games, and . . .

MR. FOX: They're nervous before their convention.

MR. TAYLOR: That's right. I guess there's got to be a certain amount of chirping and jumping around in the pigeon coop tonight, because I guess the big convention's coming up this weekend. You know, there's this dolly to talk about, that dolly to talk about, this bylaw to pass, and that bylaw. [interjections] Nevertheless, if they could keep quiet a bit. They need a little bit of supply management here, I think, Mr. Chairman. If we could get rid of the supply, we'd be better off managing.

If we go on to how much money – and this is something interesting, because the hon. member, who's taken off now, said

the last couple of times that the provincial government has put as much money into agriculture in Alberta as the federal party has. I thought it was interesting to dig out the figures. Actually, the Minister of Agriculture on the national scene is quite helpful in supplying information to opposition parties. From 1983 to the present day, Mr. Chairman, the Alberta government has only exceeded the federal government one year. Only once – only once – since 1983 have they given more money to the farmers. In fact, last year, '88-89, the last figures we have, the federal government gave three times as much to Alberta farmers as the provincial government. Mind you, to Manitoba they gave five times as much.

Now, I only point this out not to say – for all I know, that may be the proper ratio. But it's very hollow, and it's like a clanging cymbal indeed for the ministers of Agriculture to try to argue that they're giving as much to agriculture as the federal government is. Let's get down and call a spade a spade. Maybe the federal government should give four times, maybe it should give three times, but to go around and say we're giving the same is ridiculous. In fact, I believe one of the hon. ministers said the other day that if you take the loan program, that would bring it up. Well, the last I saw, the guarantees for agricultural loans will come out to about \$64 million to \$70 million a year, while last year we take \$400 million put into agriculture by the Alberta government and \$1.2 billion put in by the feds: \$65 million; you're going to have a hard time finding it. Any time the provincial ministers over there would like to get the records of what they spent, I'd be only too glad – seeing that the government pays for the photocopying – to send it over, and we could then argue some more on that.

One of the other interesting things, before I get down to more specifics: there appears to be a slight increase of 4 and a half percent in government spending on agriculture, \$14 million. But this is actually a reduction, for the government is spending \$36 million more in crop insurance. So indeed they are not spending more money on agriculture, Mr. Chairman; they are spending less, if we take the crop insurance program which had previously been paid by the federals. Now, as far as the person getting crop insurance is concerned, there is less money for an Alberta farmer coming from the provincial budget than there was last year, in spite of an apparent 4 and a half percent increase.

But be that as it may, I do have a question for the hon. associate minister. My understanding of the extra – and I think she gave a very good description of the increased crop insurance. I know she believes in it, and I think she may be right. I won't get so far out on a limb here that she can cut off the tree on me; I would like to watch and see what it'll do next year before I get too critical. But there was one area that I had a little trouble figuring out, and maybe she could help me when I finish and sit down. It appears they've increased that upper coverage that the farmer would want, up at the 70 to 80 percent range. The premium jumps by 40 or 50 percent just to get another 10 percent insurance. To me that means that it won't be used. I'll be interested to see what'll happen in the next year, but I was wondering if there was any logic in jumping a premium 50 percent to get 10 percent. Now, I'll admit that buying car insurance, your car insurance can double if you want a \$25 deductible, from \$100. So it may be something like that. But I couldn't quite figure what the reason was for that.

Also, I think it's interesting to note, now that both ministers of Agriculture are back here, Mr. Chairman, that there's an increase of 25 percent in Departmental Support Services over the last five years – 25 percent – and a decrease of 20 percent

from the total amount spent in agriculture. So what I'm getting at is that your Departmental Support Services are increasing, yet the amount of money you're spending is going down. I think there's a little bit of Parkinson's law taken on here, and maybe you should have a very good look to see if you take . . . [interjection] By gosh, it sounds like we've got a giraffe factory going here. I only live a mile and a half from the game farm, and you hear that every now and again when mating season hits. The hon. member's legs aren't as long though.

Anyhow, the 25 percent in support services and the 20 percent decrease in the amount spent on agriculture.

Agricultural food processing. Now we come again back to the Crow. I wish I could be as definite as members on either side of the House for the pro-Crow and the anti-Crow. I have a tendency to stick with the Crow, because I don't believe we're going to get that \$750 million a year out of the federal government, which they, in effect, paid us westerners to stay in Confederation from back in the 1920s, and it's supposed to go on in perpetuity. If we're going to get it any other way, by taking it in as transportation . . . Now, you people across there may trust a Tory, but I wouldn't even trust a Liberal in Ottawa if we changed from the \$750 million. I think it's very important that if we've got something enshrined now that's getting us \$750 million year, we look at it very, very carefully before we junk it.

Now, the idea that there won't be dilution payments necessary – and I think the hon. member tried to say that – if all the west got rid of the Crow just doesn't wash. I notice the Wheat Pool and the UFA have both said, "No, no; dilution payments would still be available." The idea that we would suddenly have our prairies blossoming with processing plants is something that's stuck in the minds of this government since the time that . . . [interjection] Gosh, the mating cry is coming from the other side now, and here's the man that talks about sex education too. Nevertheless, if the hon. member from Red Deer would relax a little here, he'd be all right.

But back again to the Crow. I don't think we would get the type of processing that the hon. gentleman I think quite honestly believes we will, because we haven't seen that through the years, even in goods that the Crow were not involved in, things like the original canola oil and that. It hasn't stood up. I wonder whether – I've seen this so often in the world not only in agricultural processes but others – the primary producer gets suckered into supplying a plant because it's going to supply jobs. It might be a refinery; it might be peanut oil; it might be granola; or it might be canola. It doesn't matter what it is, but in time the primary producer is shortly expected to subsidize that processing plant – because certainly the consumers of the world won't; only the producer can, or the government – to keep it going.

I think there was a point 50 to 100 years ago, before those little dispensers that the hon. member from Red Deer is worried about being put in high school bathrooms – in other words, before our birthrate declined – there was a point in creating a lot of jobs because you had an avalanche of people coming along a generation after. Now we don't. Now if you create 10,000 more jobs in Alberta, next year you've got to import people. We're just not producing them fast enough. Not everybody, despite the mating cries I've heard. But the point is that when we try to expand the processing from the point of view that it supplies more jobs, I don't think we're gaining anything, and we're going to end up with the primary producers subsidizing it. Much better that you follow your own philosophy of the free market and let it go. If processing should take place, let it take

place, and not try to worry about the Crow. The Crow is a good way for many Albertans to reach our export markets, and we should stick with it for a while, because on the horizon – and this is something that bothers me – if you check the GATT talks that are just under way now, and they're going to be a while to go, or the FTA, the so-called Mulroney free trade agreement with the U.S., neither of those areas have settled yet what a subsidy is. I think we'd be crazy to let go of a solid \$750 million a year subsidy right now to go jump into something else – we may go from the frying pan to the fire – till we know what that free trade agreement defines as a subsidy and we know what GATT will allow to take place.

So I would just suggest – and this is something the hon. minister should be very happy to hear – that they cool it for another year; don't get too excited. I know for the opposition to tell you that is unusual, but that should be something that you can put off to the side and quit pushing on.

Now, I would like a little bit of a rundown from one of the ministers as to why we keep spending money on the canola oil setup in Sexsmith. I've met the hon. gentleman representing Smoky River, and when he isn't telling stories, he's a very pleasant person indeed. But I don't think it's worth while subsidizing the hon. member's constituency all by itself for that huge amount we do in canola oil. It's a big subsidy, and I just wonder what the logic is. Where do you see the end of the rainbow? When do you see we're going to come out of it? It seems to me to be a bottomless pit.

Now, when we go on a bit further, I would like one of the ministers to enlighten me as to why the 300 percent increase in greenhouses. Has Mr. Sprung been able to get the Newfoundland greenhouses moved to Alberta, or just what is happening? Some explanation of why we suddenly have such a big investment in the greenhouses. There again I'm a little suspicious, because this government has invested in so many things through the years that I hope it's not another round of something that we're going to have trouble subsidizing down the road. I'd be very curious about it.

Once again, thank you for the Peace River – 12 and a half million dollars budgeted, but there are enough claims. I would ask the minister that now that enough claims have come in, do you think you can stay within your 12 and a half million dollar budget for the Peace River? I have a sneaky hunch that you may have only budgeted half enough. I believe most of the applications are in. While I'm at it, I can't quite understand why you're so tough anywhere you do crop assistance: why they ask people when the crop is out there in the field and snow is on it; why they say they can't make adjustment till spring comes in order to see how much crop is taken off. Nearly anyone who's been around farming knows that if you take a crop off in the spring that's been sitting all winter, you're going to be lucky to split even. So the idea that there's any big pile of money suddenly going to come in in the spring after the snow is gone, and therefore the farmer should have to sit all winter and not pay bills, is rather silly.

I might mention to the hon. member too – by the way, I notice he's conversing with the former Minister of Agriculture. It's taken me four years to straighten out my constituency from the mess he left it in when he used to represent it. So I wouldn't take any advice from him at all, if I was the minister.

MR. ELZINGA: Would you care to repeat that statement?

MR. TAYLOR: Okay.

MR. ELZINGA: I'm a bit like you; I'm deaf.

MR. TAYLOR: Okay. I'm slowly moving on here, Mr. Chairman, and I know the clock is running.

Also, I was a little concerned today – and I'd have to read the Blues; I haven't had a chance to check it. The minister answered the hon. Member for Smoky River, I believe, that you were doing your best to allow the import of more bees; in other words, trying to remove the barrier against importing bees from the U.S. Now, I know the hon. Member for Smoky River up there where the canola oil flows so freely would like to see that barrier taken down, but there's a good 50 percent or more of honey manufacturers that are making some admirable progress in developing their own queen bees. It's not only the Tory party that has queen bees. They're doing very well at developing their own queen bees and their own industry in Alberta, and here the hon. minister's saying – I hope he clarifies it – that he wants to open up the border for the diseased bees from the U.S. It makes it just a little bit touchy. But I wonder if he could explain that, because that indeed is a Hobson's choice. Once you get north of Westlock, everybody wants to import bees and be damned with the disease. You get south of Westlock, and they don't want any. I just want to know how the minister's going to handle that.

I go on to other questions here. I notice the Canada/Alberta agreements on processing and marketing. It says no more will be considered since the \$50 million will be exhausted. Can you tell us whether Dr. Horner's outprocessing plant made it past the gate before you slammed it shut? I'd like to know that one.

MR. FOX: How much is Horner getting?

MR. TAYLOR: He took the last 50, I think. But I would be . . .

AN HON. MEMBER: Hurry up, Nick.

MR. TAYLOR: I'm sorry. I don't know why you want me to hurry. I can only ask as fast as I can think.

I do want to compliment them again, though. I noticed a change in emphasis on marketing away from the Americas towards overseas. If the free trade agreement is working so well, though, why the change of emphasis? Has he given up trying to invade the American market more, or is it – just maybe if they could tell me a little why the emphasis on overseas. Also, is there any kind of effort on marketing into Central and South America here?

I also want to congratulate you on the 64 percent increase in the Canada/Alberta Soil Conservation Initiative. That's very forward thinking, and you should take a bow on that. Let you think I'm overflowing with the milk of human kindness, I'll roll along and see if there's something else here I can find.

You budgeted \$12 million in '86-87 for drought assistance, and in '88-89 there was nothing budgeted. Because of something nearly always coming up each year, why are we not budgeting an amount? Is that a change in practice, or do you find it easier than doing that?

Next is the 4-H clubs. I notice a cutback in funding of fairs and that. The hon. associate minister touched on that, but I may have missed it. I was wondering if they're continuing to fund areas like the 4-H clubs the way they have, or has it been cut in any way?

Also, in vote 1 the interest charges went down – that's page 33 – by 50 percent. In this day and age of interest charges always going up, I just wondered how you did that. Maybe you transferred it over to the minister of economic development. But they're missing half of it here.

Also, Mr. Chairman, the minister might explain to me – and if it's what I think it is, it's good news – on page 35, vote 2, support for animal and plant products, if they're going to do more analysis of feeds: cattle feeds, hog feeds, animal feeds of all sorts. Because I've had a number of complaints that neither the provincial Department of Agriculture nor the provincial department of consumer affairs take on their proper responsibility of policing patented foods that are sold for livestock, animals of all sorts, and that the provincial government is very lax there. Maybe they could assure me that the 38.2 percent increase in that area is to go to checking that out.

Lastly, Mr. Chairman – well, not lastly, but getting near it – is there any thinking being put forward on having farmers qualify for a management certificate or something similar to that for loans, particularly beginning farmers? I've had quite a little input from many farm organizations that feel that a management course or some evidence of management expertise in farming, in the particular area that they want to borrow money in, would be a positive step in the whole loan process. That might keep school teachers out of farming, but on the other hand . . .

MR. FISCHER: A point of order, Mr. Chairman.

MR. CHAIRMAN: The Member for Wainwright is rising on a point of order.

MR. FISCHER: Under Standing Order 23(x), after a member has run out of steam and out of knowledge, the chairman has the right to shut him down.

MR. CHAIRMAN: Did the hon. Member for Westlock-Sturgeon complete his remarks?

MR. TAYLOR: I don't want you, Mr. Chairman, to discourage the hon. member. He only gets up twice a year. Give him a chance. But it's rather obvious that we should raise the drinking age to 45, not just 19.

That, Mr. Chairman, sums up my questions. I appreciate it, and I think I've talked enough for tonight.

MR. CHAIRMAN: The hon. Minister of Agriculture.

MR. ISLEY: Thank you, Mr. Chairman. First of all, I should say to the hon. Member for Westlock-Sturgeon that my opening comments, talking about someone distorting figures with respect to the Agricultural Development Corporation, were not directed toward him, so he doesn't have to feel sensitive. They were directed toward another member of your caucus. But, unfortunately, the comments you made following that comment would show that you are more confused than your colleague is.

I thought I made very clear that arrears past one year with ADC have dropped from 8.9 percent a year ago to 6.4 percent today. That's a long way from the 60 percent that you made reference to. I thought I indicated very clearly in my opening remarks that the total losses to the Ag Development Corporation, since its inception in 1972, were 148 point some odd million dollars on a total loan portfolio of \$2.9 billion, which will bring

it in at less than 5 percent, which is a pretty good record considering the times it went through.

I was a little amazed to hear the hon. member suggest that maybe we should be moving further towards supply management, because I think the hon. member should do a little research and realize . . .

MR. TAYLOR: On a point of order, Mr. Chairman. I would hope he would examine the Blues and . . .

MR. CHAIRMAN: Is the hon. member rising on a point of order?

MR. TAYLOR: I did not say that. That's all.

MR. ISLEY: Are you saying that you didn't say anything about moving toward more supply management? Okay, if you didn't say that, then I won't give you my lecture on the importance of having some free markets and developing export products and contributing to the balance of trade in this nation.

But I will go on to correct you on one more point, hon. member, where you suggested that the Alberta government's payments to producers in 1989 were less than the federal government's and would be also in 1990, and say that that is totally wrong. If you're evaluating . . . [interjections] And what you're waving, sir, is totally wrong too. If you're evaluating payments to producers as to what affects their net bottom line, Alberta led the federal government in 1989 and will greatly surpass them in 1990.

I do have to make one more attempt, Mr. Chairman, to try to help this hon. member understand what dilution is. If we proceed, sir, with the Alberta/British Columbia/Wheat Pool pilot and set it up in such a way that (a) we do not interfere with the market conditions in our neighbouring provinces, and (b) we ensure that our grain exporters, our farmers who are producing grain for export, get the same benefit that those in the other provinces do staying under the Western Grain Transportation Act, then dilution becomes necessary. On the other hand, if we agree across western Canada to change the Western Grain Transportation Act, then you will have equal treatment regardless of which method you choose to pay out or to continue to pay the Western Grain Transportation Act moneys. If you are not convinced yet that that's one of the best things you can support if you want a vibrant economy to grow in rural Alberta, then I would invite you and the hon. Member for Vegreville to start attending the Crow benefit classes which I will start to conduct down in my office at 5:30 every afternoon until you gentlemen can pass the course.

You raised the greenhouse program. I would think, Mr. Chairman, that the hon. Member for Westlock-Sturgeon, as an agricultural critic, would know that we had announced a greenhouse assistance program a little over a year ago to assist greenhouse operators in updating their technology and making various other modifications to their greenhouses. If you're staying on top of agricultural programs, you should know that those benefits are flowing out to many small greenhouse operators in the province. It is not going into one massive greenhouse system.

I don't know where you got your 12 and a half million dollar program for the Peace River country. My recollection is that it was announced as an estimated \$14.9 million. We will only know when the final applications come in and the cheques are

paid as to what it is going to cost us. That was our rough estimate.

If the hon. member can find me an adequate quantity of queen bees in the province of Alberta to satisfy the demand, then I'm certainly interested in his source. I am not advocating bringing in diseased bees from south of the border. I am suggesting – and I think evidence will verify what I'm suggesting – that the diseases existing on the mainland in the U.S.A. that the border was closed because of, do not exist in Hawaii. You will not find a more isolated area to raise queen bees than on islands like the islands of Hawaii, and that is the only area that we're lobbying them to lift the border closure on, and then it will be lifted under close inspection conditions both at that end and at this end.

Yes, Westglen Milling did qualify under the AFPA program, and I'm pleased to see that we have an oat processing plant going up in Manola, which is near the hon. member's riding. I'm sure many of your producers will look happily at that as an additional market outlet for their oats.

[Mr. Jonson in the Chair]

Alberta Terminal Canola Crushers Ltd. at Sexsmith: why do we continue to support it? I think if you've traveled this province at all, you should know that the Peace River producer has some limited marketing opportunities compared to other producers in this province. We feel it's necessary to keep that plant up there as an additional marketing opportunity for the Peace River producer. I acknowledge the fact that it's costing us money. The decision that I made to continue operating it was based on information that the losses would not exceed the shutdown costs. To date I think the books have verified that, and we have continued to make that commitment to secondary processing in the Peace and providing those additional marketing opportunities.

You had a specific question on page 35 related to the 38.2 percent increase. That is not caused by us going into feed grain testing in any significant way. That is still a federal responsibility. That is primarily caused by the crop drought assistance program, the 12 and a half million dollars I referenced in my opening comments, and the bee keeper sugar price program.

With that, I hope I have clarified some items in the hon. member's mind, and I will say thank you.

MR. DEPUTY CHAIRMAN: Hon. associate minister.

MRS. McCLELLAN: Just two quick comments. I did go into depth on the crop insurance program, I think, on the principles behind it. I would be happy to share the information with the hon. member. The difference in premium costs is difficult to debate without knowing the specific issue, but the member should be aware that we do have a high-risk subsidy, which this government supports, to the Alberta producers. That high-risk subsidy does protect them from paying a real premium rate. That is paid on up to 70 percent. The 10 percent between 70 and 80 would be borne, but only that 10 percent is not covered by the high-risk subsidy. So depending on the area, you could be in an area where your real premium costs are 14 percent or 20 percent, but you are protected, and it varies by area. You are protected by the high-risk subsidy in those areas to a cap up to 70 percent coverage. So you have to really get specific if you want to look at premium costs. I have not heard of a 40 percent change, but you also have to remember that when somebody

tells you 40 percent change in premium, you have to look at the coverage: the dollar coverage, the crop coverage; what he's choosing. So it's very difficult to deal with something without having specifics, but that is the principle in that area.

I would also just want to comment that indeed the support to 4-H clubs increased this year, if you want to check on, I think, page 8. So our commitment to the 4-H clubs and volunteers in that system remains as strong as ever. And thanks to the many support groups that we have from the private sector that also support 4-H, I think we have probably the best 4-H movement in Canada.

MR. DEPUTY CHAIRMAN: The Member for Wainwright.

MR. FISCHER: Thank you, Mr. Chairman. I'm very pleased to have the opportunity to speak tonight. And after the remarks from the Member for Westlock-Sturgeon about not speaking very often, he showed us tonight the very reason: because he couldn't stop himself. I think I'll put myself in your hands, but please stop me if I get recycling as badly as he was tonight.

I would like to also compliment the minister, the associate minister, the staff, and the department that work so hard with our agriculture industry. We all know how valuable and important they are to us.

I would like to focus my remarks a little bit towards the future of our agriculture industry, the markets, and how we're addressing that part of it. I have to say that our province, compared to the rest of Canada, has done exceptionally well in trying to address input costs, stabilization programs, our safety nets; they're the best in Canada. I look at our 9 percent money program, our farm credit stability program. It's saving us hundreds of millions of dollars year after year. I look at what we've done with our new vendor financing with ADC. That's an excellent program to get young people back into agriculture. Our crop insurance program is a big improvement this year. I'm very excited about it. I think it's much, much improved over what we've had before, and I know it's going to take a while before it sinks in and before the benefits of that are reaped. We also have our soil conservation, our farm fuel, and our fertilizer. I don't think a government can do any more than we have done.

One of the things, and it's been mentioned here tonight, is our Crow offset program and the harm that the Crow offset has caused us in the past. I guess we've been dealing with it for at least 10 years now. It has sucked a lot of dollars out of our agriculture industry. It probably is one of the most harmful things that has happened to our industry in the past 10 years.

But I guess we have to do more. I look at our industry, and our industry is not healthy. We still have a lot of problems in the industry. The land prices are beginning to get lower, equity is eroding, some of the good farmers are falling out, a lot of them are selling out, and we don't have young people replacing them. I think we've got to ask ourselves why. More subsidy? I don't think we can do any more. It's not the answer to it. But I wonder how many times we in the rural areas have listened to farmers say, "I don't really want a subsidy; I just want a decent price." I think we have to put a few more financial resources towards that decent price.

I know it does step outside of our boundaries a little bit, but there have been a lot of dramatic changes taking place in the last half a dozen years in the agriculture industry. I guess one of them, and it's kind of like that Crow rate, is our interest rate policy. It has for at least the last five years continually sucked a lot of dollars directly out of our agriculture industry. When

you put that not only on the side of the cost of borrowing, but when you take the rise in the dollar – each time the interest rate goes up, the dollar goes up and makes our product less competitive, so we have to put the price of our product down. That is one of the reasons our product has been down for the last five years. Now, I just have a lot of trouble when we're trying so hard to help the industry get going, and we watch that kind of thing happen to us. I don't have any answers. I know how hard we have tried in that area, but we do have to have some kind of breakthrough there to leave some of those dollars with the ag industry.

Our marketing and trade negotiations is another area that I think we have to get into a little bit deeper. I realize these GATT agreements are mostly done by our federal government, and I know we have a hard time making anything work in there. I believe the Uruguay agriculture negotiations are probably not going to be any better to us than how the last negotiations ended up. I guess it leads me to think that we should then get busy as a province. We used to leave it up to the Canadian government to do those things all the time, especially with wheat. We have the Wheat Board doing their best trying to market our grain, but I've said for a long time that I don't believe the Wheat Board, in fairness to them, has a real good chance when they've got the federal government with all their regulations and some other political influences controlling them. They just don't have a free opportunity to do the job they really can do. It makes me think that provincially maybe we've got to get busy and trade harder.

Then the GATT agreements – and I'm amazed at some of the countries. If the agreement doesn't suit them, they go ahead and do their own thing anyway. The U.S. is a good example of that. Maybe Alberta is going to have to get busy and make some trades – for instance, with Japan; we take their toys or whatever we take from them, and they take whatever we want to sell at a price we want to sell it at. I think we're going to have to be harder and harsher and maybe lean on the rules a little bit and so on. But somehow or another we've got to get some dollars back to the industry.

One other thing we've got going is the U.S. farm Bill. They come out with a new agriculture Bill every year. They announce more subsidies that they put in. Their export subsidy in 1990 is going to be increased from \$566 million up to \$900 million this year. Now, I wonder where that puts us.

Another area I think we've got to look at – and I don't know whether it was a mistake or not, but our Member for Westlock-Sturgeon did mention it – is our cheap food policy here in this country. There's hardly another country in the world that has food as cheap as we have here in Canada. I don't know how long we can continually do that. I think that kind of thing has to be looked into. We will end up, or can end up, on the other end of it as well. We've got a surplus now, but we've got to keep people in the industry or we won't have it. I shudder sometimes when I think of that cheap food policy, because possibly it's going to put us into a semi supply-managed industry, or we watch the two-price system in wheat that we had that didn't work. I'm not sure what the answer is, but I think we should be working in that direction and finding some of those answers.

It would be nice if we could spend some dollars to respond. I know it's a long-term thing, but I think we have to respond more quickly to some of these kinds of issues. We have to spend more time and money on marketing, and we have to be able to adapt more quickly and make those trades. I said before

that the federal government has done that in the past, but they're just not doing the job for us. Regulation is standing in our way in a lot of areas.

Our farmers are looking for a bit of help right now, and like I say, it's not subsidy help; they would kind of like some direction on where we are going. They have done just about everything they can do. A lot of the weaker ones have fallen out. The equity is still eroding, but as I've shown, they are competing in an unfair market. I would just like to see us do something to try and strengthen our position there in resolving some of that unfair market.

Thank you.

MR. DEPUTY CHAIRMAN: Thank you.

Calgary-Millican, followed by Vegreville, followed by Smoky River. Hon. member, to address the Assembly, you must be in your place.

MR. SHRAKE: Sorry, Mr. Chairman. I crossed the House briefly there. I found I didn't like it, so I came back.

Mr. Chairman, there are a couple of things I did want to mention tonight. One is the diversification program. A lot of this is taking place in Calgary, in fact in Calgary-Millican. I guess the majority of the industrial area and especially the food production in Calgary does take place in Calgary-Millican. There are quite a few cheese plants and, I guess, Krahn's salad dressings and oils. Salad oils have taken off quite well. I guess they're selling in eastern Canada now. So I hope the minister will make a few comments regarding the diversification program. Is that going to carry on? Are you going to continue to assist these companies to expand? Hopefully the answer is yes.

The other thing I did want to bring up and mention just very briefly is the Buy Alberta products. It seems there are getting to be more and more Alberta products on the shelves in markets here in Alberta. So I hope you will make a point of assisting that organization, the Alberta Food Processors Association, to carry on.

Last but not least, you mentioned that you were going to try to educate the Member for Westlock-Sturgeon. Hon. minister, I think you can perhaps instruct him, but only God can give him understanding of the Crow rate.

MR. DEPUTY CHAIRMAN: Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. I'd like to thank my colleague the Member for Edmonton-Kingsway for giving me the opportunity to participate a little more in debate in the few short minutes available to me. I would like to begin by asking the ministers of Agriculture and my colleague the Liberal critic for agriculture, the Member for Westlock-Sturgeon, if they might join me in expressing appreciation on behalf of rural Albertans for the efforts of Mr. George Price, who is now retiring after 31 years of service to rural Canadians as the farm voice of CBC radio in Ottawa. I'm going to send a letter to CBC commending Mr. Price for his years of service and urging them not to proceed with their plans to eliminate that position, because I think rural Canadians have benefited from having input directly from the House of Commons on agriculture policies that are being debated. I think it's a loss we'll experience, and I'd like to invite other members of the Assembly to write to CBC and perhaps ask the ministers if they might lean on their federal cousins at the love-in in Calgary this weekend and tell them rural Albertans appreciate that service.

Without rebutting anything that's been said, I would like to just remind the associate minister to reread my comments. I did make a number of positive suggestions. I hope she might acknowledge the suggestions that the Crow benefit offset forms be made more simple; that we restore the cap, because I think taking it away was a negative move and restoring it is positive; that we look at one-third, one-third, one-third sharing for crop insurance. I thought that was positive, as was restoring the 2 cents a litre taken away from the price of gas. The permanent disaster assistance program in place and ready to respond is, I think, a positive suggestion too. I would like to just say briefly on the Crow benefit offset instructional program the minister so kindly offered: I'd take the program if he promised he would be the teacher, because I had the opportunity as a student many times to help teach the teacher a few things.

In terms of dilution if you take the \$720 million subsidy currently paid by the federal government to the people who sell grain for export. . . . The subsidy is paid to railways to, in effect, increase the price of grain the producers receive at the time they deliver it to the elevators. If you take that subsidy away from the railways and pay it to the producers and it's paid to everyone who grows grain rather than reducing the cost of transportation for those who sell it into export position, then you're taking the same amount of money and spreading it over a lot more grain producers. Hence there's a dilution. When it makes the payment from the federal government more vulnerable, when no one's committing themselves to paying a \$105 million dilution in their little pilot proposal, I think the whole thing is vulnerable, especially when the minister acknowledges that he's working to have it eliminated altogether in the long run. So that's my concern briefly explained.

I'd like to commend the minister for his realization that we need to stop talking about subsidies to agriculture. That's been a strong sentiment of mine over the years, and I'd urge him to leave the word out of his budget figures for next year, because it appears in there on more than one occasion. It's often been a frustration of mine that when government provides \$12 billion of taxpayers' money to the oil industry over a period of eight years, it's called incentive, investment, trying to minimize downside risk and that sort of thing, but when any money flows to agriculture, it's a subsidy. I might contrast the attitude toward billions of dollars flowing to the oil industry with the kind of attitude this government demonstrates when we encourage investment or incentive to the ethanol industry. It was called a subsidy: we can't afford it; we don't want to do it. So it's a Conservative attitude. I'm glad to see the minister is encouraging his colleagues to move away from that, because I think it's important that we go out and tell people in Canada and Alberta that they're darned lucky. They've got good food, cheap food, and we need to convince them that in order to assure quality and assure supply, they have to be willing to make sure farmers are fairly paid for what they produce so they can generate a return on their investment and be encouraged to stay in the business and help feed the people of Canada.

In terms of the associate minister's challenge, that I not make vague reference to programs that are hurtful to the farm economy and deal in a more positive way, I did try to do that, but I would welcome at any time, any place, a more thorough debate when the opportunity is presented on the impact one year later of the free trade agreement on virtually every sector in agriculture in the province. I'd like to debate in a thorough way the damage that's done to the orderly marketing systems we've had in place and built up over a number of years. I'd like

to discuss the impact of transportation policy in a general way on agriculture in Alberta and small communities in particular. So perhaps we'll have that opportunity, Mr. Chairman.

In terms of moving forward and offering some positive suggestions that the minister seemed to like to hear – although when I bring them forward in other forms in this Legislature, they all vote against them – I'll refer to our 3, 6, 9 interest rate program that was presented in the House as a motion last year, ranted and raved and railed against by Conservative members and not implemented. I'll remind members what the strategy is in the 3, 6, 9 interest rate program advocated by the New Democrats. It is that we take assistance we provide to farmers and target it so it helps the people who need it most: (a) the people who are in debt; (b) the young farmer trying to get established. The program calls for 3 percent interest rates to beginning farmers on the first \$100,000 they borrow over a 10-year period, extending the benefits of the beginning farmer program from five to 10 years, providing the credit at 3 percent for the first \$100,000 and 6 percent for the balance. I think that's a very helpful program that would stimulate entry into agriculture and provide that protection during the start-up years of farming operations. The balance of the program would be a 6 percent interest rate for established farmers on the first \$100,000 – I guess it would be \$125,000 now that the Farm Credit Stability loan limits have been increased to \$250,000 – 6 percent on the first \$125,000 and 9 percent on the balance of the loan: a 3, 6, 9 interest rate program that's targeted to help the beginning farmer trying to enter the industry and provide that assistance for 10 rather than five years to help them through the very difficult times of establishment.

Another thing I'd like to raise while I have the opportunity here is to just talk about the efforts I will be making in the years ahead to force, if you will, this government to develop a greater respect for the democratic rights of farmers. We have dialogue going on at the national level now that I assume the provincial government is participating in through Mr. Mazankowski's green paper called Growing Together, where he's pretending to solicit input from producers to help develop bold new agricultural policies for the future. But I can tell you based on experience, Mr. Chairman, that since the 1988 federal election in Canada and since the 1989 provincial election in Alberta we have seen case after case of governments disregarding in a very callous and unfortunate way the democratic rights of producers.

I'll refer first to the decision by the federal government a little over one year ago when Charlie Mayer and Don Mazankowski with the stroke of a pen took oats away from the jurisdiction of the Canadian Wheat Board. Now, this was done without consultation with producers and, I might add, without consultation with the democratically elected farmer representatives on the Canadian Wheat Board advisory committee. These are 11 people in western Canada who were elected by more people than elect any of us, more people than elect any MP in Ottawa, to represent the interests of farmers on the Canadian Wheat Board. Charlie Mayer and Don Mazankowski, and by implication those people who stood by like cheerleaders and applauded that move, did it without any consultation and without even having the courtesy to inform the members of the Canadian Wheat Board advisory committee.

The minister was there at the annual meeting of the National Farmers Union, and I congratulate him for having the courage of his convictions in going there and being able to speak out. He was there when Ken Galloway, a respected member of the farm community, told us how he felt, after his years of service

on the Canadian Wheat Board advisory committee, when he came in from doing chores, turned on the radio, and found that oats was no longer under Canadian Wheat Board jurisdiction. If we think Brian Mulroney is being disrespectful by not appointing Stan Waters, think of how Ken Galloway and his fellow democratically elected representatives felt.

I did congratulate the minister for at least being at the meeting, but I'm going to take this opportunity to remind him that he has a very short memory. In the August 14, 1989, *Hansard* the Leader of the Official Opposition raised concerns about the removal of oats from the Wheat Board. Mr. Isley said, "I have yet to run into oat producers in this province who have been lobbying to keep it under the Canadian Wheat Board." Now, he heard the testimony from Mr. Ken Galloway and was in the room when every farmer at that convention raised their hand in opposition to oats being removed from Canadian Wheat Board jurisdiction. He apparently hadn't run into one farmer, but the vote was unanimous at that meeting, Mr. Minister, and I'd like to remind you of it. So the first demonstrated disregard for the democratic rights of farmers was the removal of oats from the Canadian Wheat Board. The second thing I'd refer to: the provincial government put time and money into encouraging them to do it and didn't say anything when it was done. Finally, I'm encouraging him to learn to stick up for farmers.

Well, let's talk about a provincial issue. Let's talk about the establishment of the canola growers commission in the province of Alberta. This is an important issue, because it's the precursor of the establishment of the grass growers commission, the barley growers commission, the wheat growers commission. You know, who knows who else is going to try and establish a commission under the loopholes this government established in the Marketing of Agricultural Products Act? There's a loophole in there, Mr. Chairman, that I tried to rectify both in debate when the Bill was passed through and subsequently in An Act to Amend the Marketing of Agricultural Products Act. We would like to see any commission that's established be established by the decision of producers rather than the decision of politicians, but the ministers have enabled these commissions to establish themselves and take money out of the pockets of farmers without ever getting permission from farmers to do it.

I don't fault the producers for doing that. I don't fault the men and women who seek to establish these organizations, because I believe they do it with the best of intentions. Although I may disagree with some of them on some issues, they have the best interests of their industry at heart that they want to establish. But the government has left this loophole big enough to drive a truck through, Mr. Chairman, where the Lieutenant Governor in Council, a.k.a. the cabinet, can with the stroke of a pen empower the canola growers commission to take 50 cents a tonne out of the pocket of every farmer. They call it a refundable levy and say that producers can get that money back if they want to. But have you ever talked to a producer who's tried to get that money back, Mr. Chairman? Have you ever talked to someone who's tried to get them to mail him a form? They have to go and pick up the form in person, have to list every load that they've delivered, when, how much, and how much was deducted, and then send it in. They wait months and months and months and never get the money. Then the deadline passes. They have to apply every six months. I suspect this is rather like the Crow benefit offset program, where they anticipate a lot of slippage, where a lot of producers will just

give up and say it's not worth the 50 cents a tonne for me to try and get the money back.

Now, I'd be the first one to stand in my place and support the canola growers commission if they were empowered by a vote of producers. I urged them.

AN HON. MEMBER: They are.

MR. FOX: They're not; there's never been a vote of canola producers to establish that commission.

MR. PASZKOWSKI: Because they agreed without a vote.

MR. FOX: That's not true. They didn't agree without a vote. What kind of democracy is that, Member for Smoky River? That's taxation without representation, and I can promise you that we're going to be in trouble if we give organization after organization the right to put their hands in farmers' pockets and collect levies without receiving their permission. All I'm asking for is that the ministers apportion some money in their budget to conduct plebiscites and support my changes in the Marketing of Agricultural Products Act to give producers the power to decide. Then the onus would be on the good-intentioned activists of the canola growers commission who want to establish to go out and tell people, "This is what we want to do for you; this is what we want to take from you, and we want your support." If the producers say, "You've got it," they're empowered, they can legitimately represent the wishes of the canola producers, and I wouldn't have anything to complain about. But that's a provincial example of how serious the disregard for the democratic rights of farmers has become and how little concern the Conservative government seems to show for due process.

I could refer as well to the decision – and again it was a federal one applauded by the provincial ministers – to take away the interest-free cash advance program for grain, again done without consultation with producers, without input from producers, just a decision by Don Mazankowski one day to take it out of the budget, just stroke it through: no more interest-free cash advances for farmers. He called it a subsidy. It's a subsidy to producers. Because the Americans call it a subsidy, he called it a subsidy, and he wanted to save \$25 million a year. I object to it being called a subsidy. I object to it being called a loan, because I think that it has to be viewed as legitimate, market-generated income for producers who grow the grain and say: "I'll grow it. You tell me when you need it. I'll deliver it into the system when the transportation capacity is there, when the sales opportunities are there." So we in turn say, "Okay, we'll give you an advance payment on your grain." I don't think it needs to be a loan. I don't think it needs to have an interest rate charged to it. It's legitimate, market-generated income, and it introduces an orderly aspect to the whole marketing system, Mr. Chairman, I submit.

What we had this fall was a situation where producers were climbing on top of one another trying to take advantage of limited space in the delivery system. It causes congestion, causes a useless waste of time at the elevators: farmers who should be out harvesting, waiting in line to deliver their grain so they can get their hands on that much-needed cash. It causes an artificial depression in the prices available to producers in the fall, encourages excess use of the nonboard marketing options available in the fall, which I suggest is the bottom-line motive for the federal government doing this in the first place. So that's another example of how something was done. If farmers had

wanted it, I'd be standing there saying, "I might disagree with you, but I support you because you did it democratically." But it was done without any regard for that.

Now, I'm not going to get into an extensive discussion on the red meat industry, as much as I'd like to. The minister knows we have a lot to raise on Lambco, Fletcher's, Cargill, and all things like that, but I won't. I'll leave with one question that I did want to raise and hope that I'll get an answer. I'm just wondering if there's been any assessment made of what the impact is of our not being involved any more with the Prairie Agricultural Machinery Institute. There were some changes made in the former minister's term that supposedly put that work, that research into the department, and it was generated that way. I'd like to know: do we have any evidence to suggest that farmers have been getting as much and as good information as they used to get through our participation in PAMI, is it cost effective for the province, and is there any evidence that the farm implement manufacturing sector in Alberta has been either helped or hurt by the decision? I think it's a couple of years later. It's probably the appropriate time to examine the impact of the changes that were made to PAMI.

I'll ask another question very quickly, Mr. Chairman, if I might. If the ministers are willing to answer it, fine; if not I can put it on the Order Paper as a written question. He referred to the amount of ADC land that had been offered for sale. Well, I became aware of the fact that there were perhaps up to 100 quarter sections of land available for sale in about 62 parcels up in the Fort Vermilion area, and I'd like to know what the status of that land is. Has it been sold and how much? Is there any evidence to suggest that the sale of that fairly massive amount of land has had a depressing impact on land prices in the area generally? If it has, what would the minister have to say about that? No one wants to see that land returned to farmer-owned and -operated hands as much as I. Is there any evidence to suggest or any ways that the minister can suggest that that flow could be handled in such a way that it doesn't negatively impact other landowners in the area?

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Member for Smoky River.

MR. PASZKOWSKI: Thank you, Mr. Chairman. First of all, I'd like to take this opportunity of commending the work that our ministers are doing. It has been difficult times indeed, because world agriculture in general is experiencing difficulties. Yet we in Alberta are doing what is not done in the rest of Canada. Agriculture, in general, in Alberta is doing very, very well under very difficult circumstances, and I have to believe that our ministers are responsible for achieving that in what is generally considered, as the people across the way have mentioned, difficult times in world agriculture. So to you ministers, to your staff: congratulations; you're doing a great job.

I think part of that greatness is coming about from responding to needs. Indeed we've had needs in agriculture, and when the needs have come, the portfolios have responded in a very quick and a very dramatic way. In the Peace country, for example, which I'm quite close to and quite familiar with, the honey industry was in trouble when the price of sugar went high. There was a response. We had a disaster year. We had more rain than what we normally had in 150 years. There was a response with the disaster program. Crop insurance had to be reviewed, and indeed our ministers recognized that. They

worked long and hard to achieve this, and now we have a program that is indeed much better.

Tripartite in the various industries has been fruitful. We've actually got it in place now, and that's largely through the efforts of our ministers, the Alberta ministers. That's why agriculture is doing better in Alberta than it is doing in the other provinces in Canada and generally other countries in the world. I think we have to respect the work our ministers are doing and not criticize them for every move that happens in some other government agency. I think it's fair that we respect what our people are doing in Alberta and not go and pick out what's being done by other governments and say, "Well, you're to blame because you didn't stand in the way and stop this action." We don't need that. We have to come together and have to work together to help agriculture. That's what we have to do.

Agriculture in general is indeed getting severe pressures from urbanization. Urbanization is indeed creating hardship on agriculture. That's something that we had addressed today, when we had the leader of one of the opposition parties rise in the House today and tell us that we don't need paved roads to bring our children to school and that we have to spend more money on urban schools, that we have to spend more money to educate urban children at the expense of our rural children. They can go to school on dirty roads, dusty roads, dangerous roads; they can travel on muddy roads, where they have to stay home for a week because they can't get to school. Nevertheless, that's what the pressures of agriculture are being subjected to. I don't think that's fair, and I don't think that's right. I think we have to recognize the urban parties for what they stand for. It's a very narrow train of thought, and that's creating hardship on agriculture, and it's not a fair hardship.

AN HON. MEMBER: Very limited thought.

MR. PASZKOWSKI: Very limited, indeed.

AN HON. MEMBER: Blame us.

MR. PASZKOWSKI: You're the one that suggested we don't need paved roads to send the children to school.

Agriculture indeed is experiencing some hardship, and there are areas that we have to work on to improve. I think it's important that by coming together, we identify the areas and we work towards the improvement of those areas. I think we can do it.

We mentioned the canola industry today. Certainly the canola industry has more potential than any other industry that we in Alberta are producing at the present time, but it's an industry that hasn't achieved the levels that it should and can. I think it's important that we recognize what the ailments of the industry are and not close all the doors and allow the industry to move into the United States, because that's exactly what's going to happen. As we close plants in Canada, they're going to move into the States. Research is putting us in a position where we're probably going to have, within a matter of five years, a vegetable oil that's going to be comparable with the olive oils, generally considered the best oil in the world. We're going to lose that opportunity if we allow that to happen.

We have to work with the industry to identify what the true ills are. We hear the story coming forward from our hon. member that we're overbuilt; not so. We're selling all the product that we're growing; we're able to merchandise all the product. The problem is that we're not selling it as a premium

product, which it truly is, and that's something we have to work on. Let's not pick out and suggest things that really aren't true, because that just damages the industry and it damages the rural economy and it damages the farmers, who we claim we're trying to help.

Our honey industry for example. We've had some problems with the honey industry, not through the fault of this provincial government and not through the dealings of our ministers but through the implementation of regulations. That's fair, and that should have been done. No one in the honey industry is arguing that point, but we have to explore the alternatives that are available, and there are alternatives out there. We have to work together to utilize those alternatives that are there to better allow the agricultural community to grow and to prosper. At the present time we have a lot of idle equipment, and that's depressing the price in the industry. We have to come up with some solutions for this, and it's important that we do that. But we do that by coming together, not trying to pick holes in the industry and tear it apart, because by doing that, we're simply depressing the entire agricultural community.

I think it's important that we have opportunities, Mr. Chairman, whereby we can diversify, and at the present time we have a lot of opportunities out there. We have to work to develop these opportunities. I had the opportunity of meeting with the Peace River bison growers association back about a month ago, and it was an interesting experience. They very dramatically portrayed what an opportunity to diversify can do to agriculture. The Peace River country, according to what they told me, has half the bison in western Canada, and this is a land that doesn't have many opportunities. Because of the weather, because of restrictions, they don't have a great multitude of opportunities, but they've diversified with bison. It is my hope that sometime along the way we'll expand that opportunity so that we can indeed have elk and other game as well. The market is there, and by doing it properly, we will put less pressure on the wildlife that's out there.

We have other opportunities, things like fruit farming potential: rhubarb, strawberries, Saskatoons, raspberries – all kinds of things out there that we can diversify with. Though we can stay with farming, we can diversify as well. We have a lot of opportunities that we have to pick up on.

A concern that I have is our market development, and this is a critical time in our history in agriculture. Market development has to be increased. With the advent of free trade, we have to work to sell, sell, sell, because if we don't, they'll come and sell to us. Though the hon. member is concerned about free trade, free trade is made to work for us if we utilize it and if we take the opportunities and make the opportunities. Nobody makes them for you; you have to make it happen. Mr. Minister, I think it's important that we properly fund our people so they can go out and sell on behalf of the producers.

I note that vote 3.2, Marketing Services, has been increased by 18.1 percent, and I commend that. I note that Market Development is up 1 percent, and I commend that. I would have liked to have seen it a little higher. I think that one of the interesting situations – and I haven't heard a word said about it here today – was that the opposition, about six months to a year ago at this time, were wringing their hands with enthusiasm because Gainers was going down. What an exciting period in our history and our life: Gainers is going down. Sad, really sad, because what we're trying to promote, what we need is more processing, and here we have an enthusiastic group that's

delighted to see that we have processors going down in Alberta. What a shameful thing, really shameful.

I notice that unfortunately our research funding is somewhat down, and that's a concern to me because I think the essence of growth is research. I would hope that indeed we would change our objective and start putting funding back into research, because research is the essence of growth.

With that, again I'd like to thank the ministers for the work done on our behalf. I'd like to thank the staff for the work done on our behalf. Agriculture in Alberta, relatively speaking, is in a very healthful state. Congratulations for a job well done and, on behalf of the producers of Alberta, thank you.

MR. STEWART: Mr. Chairman, I move that the committee now rise, report progress, and beg leave to sit again.

[Motion carried]

[Mr. Jonson in the Chair]

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

MR. ACTING DEPUTY SPEAKER: Having heard the report of the Member for Lacombe, all those in favour, please say aye.

HON. MEMBERS: Aye.

MR. ACTING DEPUTY SPEAKER: Those opposed to the report, please say no. The motion is carried.

[At 10:23 p.m. the House adjourned to Friday at 10 a.m.]