

**Legislative Assembly of Alberta**Title: **Tuesday, May 14, 1991**

8:00 p.m.

Date: 91/05/14

head: **Committee of Supply**

[Mr. Jonson in the Chair]

MR. DEPUTY CHAIRMAN: Will the committee please come to order.

head: **Alberta Heritage Savings Trust Fund**  
head: **Estimates 1991-92**

**Agriculture**

MR. DEPUTY CHAIRMAN: Good evening, and welcome to the first day of Heritage Savings Trust Fund estimates. Does the minister have any remarks?

MRS. McCLELLAN: Mr. Chairman, as I have three votes in this area, I'd like to just make my opening comments on the three, and then we can deal with them individually if the members wish. I would like to say at the outset that I welcome this opportunity to appear before the Committee of Supply to discuss Alberta Agriculture's proposed expenditures from the capital fund of the Alberta Heritage Savings Trust Fund for 1991-92. I'd like to make a few brief comments about the three votes before taking questions from the members.

Clearly, the Alberta Heritage Savings Trust Fund investments in research and irrigation have enabled Alberta's agriculture industry to grow and diversify. These investments have increased agricultural productivity, provided opportunities for value adding, and generated employment and income for Albertans. The Farming for the Future program has yielded concrete, positive results for agriculture through its two funding vehicles, the research program and the on-farm demonstration program.

To update members, Farming for the Future was merged with the Alberta Agricultural Research Institute on April 1, 1991. The merger consolidates, streamlines, and strengthens our support for research under the institute's umbrella. Farming for the Future is in its final year of its current five-year mandate. Given its strong record of achievement, it is our intention to seek a new mandate for the next years.

The irrigation and rehab expansion program is entering a new five-year mandate. Once again in 1991-92 the amount of \$25 million has been committed to upgrading the province's irrigation network; however, there have been some changes in how that sum will be allocated. After extensive discussions with 13 irrigation districts an agreement was reached to retain the 86-14 funding formula but to redistribute the funds so that all districts will be brought to a similar level of completion. In 1991-92, \$20 million will be dedicated to that specific task. The remaining \$5 million will be set aside in a fund that will be invested and managed by Alberta Treasury to support further rehabilitation. Let me emphasize to committee members that this new mandate was designed in consultation with the districts and with assistance from the staff of Alberta Agriculture, and I would like at this time to thank the districts for participating in this process and for their commitment to making the funding allocation process fair and equitable.

Finally, I would like to comment on the ongoing success of the Alberta private irrigation development assistance program. The program has helped to bring irrigation to farmers who live

outside the formal irrigation districts. The program is entering its third year of a five-year mandate and will make \$3.8 million available to Alberta producers in 1991-92.

I would like to acknowledge the work that is done by our Department of Agriculture in these programs, and I am pleased that tonight we have in our gallery three members of our staff with us.

Mr. Chairman, with those comments I would invite questions from the members on any of the three areas in my vote. Thank you.

MR. DEPUTY CHAIRMAN: Thank you.

Dealing with votes 1, 2, and 3, then, the Member for Vegreville.

MR. FOX: I was just wondering if the chairman of the Agricultural Research Institute wanted to make comments. I'd happily delay mine pending his comments.

MR. DEPUTY CHAIRMAN: It seems yes. The Member for Taber-Warner.

MR. BOGLE: Well, Mr. Chairman, members will be aware that during the current fiscal year the \$5 million per year Farming for the Future program, which is funded through the Heritage Savings Trust Fund, was merged with the Alberta Agricultural Research Institute. Great care was taken by the minister in her instructions to the board to ensure that the very successful elements in Farming for the Future would be not only maintained but enhanced. That is in fact being done. Several members who were on the Farming for the Future board are now part of the expanded board of the Agricultural Research Institute. The on-farm demonstration committees are being maintained, and the research work was done. Clearly, there is a deliberate attempt being made to maintain and enhance the very successful work which has been done over time by the research component funded through the Heritage Savings Trust Fund.

If the hon. member or others have specific questions, Mr. Chairman, it might be more appropriate to deal with them in that way.

MR. DEPUTY CHAIRMAN: The Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman, and thank you, chairperson and Madam Minister. In some senses the vote under the Heritage Savings Trust Fund capital projects division for the Farming for the Future program is very much a motherhood issue. I don't think I've heard any condemnation or concern raised by any member on either side of the House about the intent of the Farming for the Future program. It is a good program, and there has been considerable expertise in the rural community accessed through the Farming for the Future program. It's an area, I suppose, that we may want to look to in terms of providing an example for the research and development of ideas and techniques in other areas of industry and society or culture in the province of Alberta. Where there are women and men out there doing the job day in and day out who have a lot of practical experience, hands-on know-how, that sort of process can be a very good complement or adjunct to the kind of applied or basic scientific research that's being done in institutions in the province. So it's a very good program, and we've certainly always been very supportive of it. Unlike some

of the budget items in other departments, we always vote for it, so it's good.

I'm wondering – it's an issue I raised with the minister last year knowing her particular interest and expertise in the area of soil conservation – if we've had an increase in the number of projects that are coming forward both in terms of the numbers of people applying for projects and the number of projects that are being approved and instituted that relate directly to conservation agriculture, to soil conservation, to trying to move our agricultural industry away from an increased dependence on chemical input and manufactured inputs into a more sort of self-reliant industry that can make the best and most prudent long-term use of the resources that are at hand and where people can use biological methods for control of pests, can use conservation tillage techniques to maintain soil, and can maybe use some cultural techniques to improve soil tilth and fertility. So I'm interested in getting the minister's or the chairman's comments about the relative number of projects that fit into those sorts of parameters. I perceive there to be a growing interest in the farming community for those sorts of programs, and I'd like to see if that has revealed itself through an increase in the number of projects applied for and funded through the Farming for the Future program.

It's not only urban folk that are environmentalists, who are becoming more keenly aware of the need to protect and preserve and enhance our environment; the men and women who live in the country and who farm are directly associated with the earth and her ecosystems and have a great interest in trying to preserve and enhance the ecology and the environment. Because of the need to produce and to feed ourselves, we've had to try to find methods of doing that that are consistent with that long-term enhancement of our resources. So I think farm people are environmentalists, they have a great interest in doing things that make sense, and I'd like to hear the response from the people responsible in that regard.

#### 8:10

Through the technology transfer program, through the various aspects of Farming for the Future there are a lot of programs initiated and projects developed that relate to techniques of production, that relate to cultivation of varieties in terms of different locations, developing different kinds of equipment or modifications to existing equipment that suit the circumstance. You know, there's a lot of that very basic, applied stuff going on. I'm wondering if there's any flexibility in the program to deal with issues related to agriculture. Certainly within the Department of Agriculture in the planning secretariat, or whatever they call it, there's a lot of effort that goes into planning policy well into the future, examining the impact of policy decisions, and trying to chart direction. I would suggest that there's a considerable amount of expertise in the farm community that relates to the future of agriculture as well. I would hope there's flexibility in the program.

I'd like to find out from the minister if indeed there is the kind of flexibility that would allow someone to come forward with a proposal to examine the impact of, for example, a particular policy shift in agriculture, the development of a new program, or the increased development or reliance on commodity groups rather than general farm groups, as just something off the top of my head. I mean, there are a variety of issues that are very controversial in the farm community. People have a lot of good ideas, and I wonder to what extent we try and access those ideas through the less traditional routes. Certainly we on both sides of the House have a lot of good advice and

input from leaders of farm organizations. They expend a lot of effort in lobbying politicians on both sides of the House about what they think should be done and what needs to be done in the future, but there are a lot of people not directly involved in the mainstream of these organizations who have ideas too. I'm just, I guess, making a case for research in agriculture related to the issues surrounding agriculture.

Farming for the Future isn't just going to depend on improved technology and cultural technique and methodology; it's going to rely on improved cohesion in the farm community and a balance of thought and input on farm policy. It's going to involve a lot of commitment on the part of producers, their groups, and government to make sure that agriculture in Canada can withstand some of the international trends to rapid urbanization of populations and to make sure that we have a confident, viable industry that provides more than just food for people but also provides a legitimate livelihood for the people that are involved.

So I'd sure appreciate hearing the minister's comments on those few questions, and I'll have more as the debate wears on, Mr. Chairman.

MRS. McCLELLAN: The member has raised a number of good points. As usual, I will try to respond to the ones that I was able to write down, and as usual I will peruse *Hansard* very carefully and give the member a written response to anything that I might have missed. Indeed, some of his comments may require just a bit more in-depth reply than might do tonight.

The soil conservation area of discussion is one where we are seeing an increasing number of requests both in the research side – as you know, the Farming for the Future has a research component – and in what we call the on-farm demonstration component. The interesting thing, and I think one of the very important things, is that these are being accessed by groups in the communities, whether it's through our Ag service boards or through our research associations such as the Chinook Applied Research Association or Battle River Forage Association, northwest group. They are making very good use of these programs in the communities, and we certainly support that very much, because conservation is a very key component of the longevity of the farming industry in this country.

The way projects are decided and the concern that the member has for the producer input are important too. As he rightly identifies, we have producer groups that do have a lot of input on farm issues, but it's important that we have the grass-roots producers comment too. The committees are structured such that producers do sit on those committees. We have committees in the various commodity areas, and I should just quickly outline them for the member: beef and dairy; cereals and oilseeds; forages, pulses, vegetables, and other crops; pork, poultry, and other livestock; policy, economics, and marketing; and resource conservation. Those are the six committee areas. They all have membership from the producer, from the industry side, from the processing side, depending on the sector, as well as, very importantly, membership from our research stations – both Ag Canada and our own – our colleges, our agricultural colleges, and our universities. So I think it is really important that we have that mix on each committee.

The transfer of technology is done in a number of ways, and I have outlined them. I think we're improving that every year, but that is very important: how we transfer the technology to the producers. Of course, the on-farm demonstrations are relatively easy to describe. They're well signed. People will stop along roads. It's interesting to me when I'm traveling through

the countryside to see a vehicle stopped beside a Farming for the Future project sign and see somebody out walking in the field and looking at that. Beyond that, the other research projects are done through bulletins, through delivery of paper. Of course, the members all realize that we do put out a publication called the Farming for the Future Progress Report, a copy of which I tabled in the House just a short time ago, and that gives a complete breakdown of all of the projects that we have funded. I think that's another important way that we pass on the information from the research. All the research in the world is not going to do us any good if it does not get from the shelf to the producer.

I had an opportunity to travel in the Soviet Union to really talk to them about extension. They have tremendously good research there, but it doesn't go anywhere, and their farming operations definitely reflected that, so they wanted to talk to us about how we do extension. They were very interested in our type of extension. Through field days, producer days, and Ag service board tours, there are many ways that we do this, and we can continue to improve that. I think our department, through the very capable chairmanship of the hon. Member for Taber-Warner, will continue to look for ways to disseminate that information to the producers.

I think it was really important that the Alberta Agricultural Research Institute reached the level of maturity that we knew it would and that those two programs are now merged under one umbrella, so we are indeed co-ordinating research activities. We're careful that we don't have overlap and that we're using our very, very precious resources wisely. I think that was an excellent move, and I look forward to the first year of operation. However, we would emphasize that we retained the very important identity of Farming for the Future that is known and respected in the province, and we kept that name for that area of it.

The member raised a number of things that I'd like to respond to in more detail, and I will commit to follow up with written information. Perhaps he would like just a bit more detail on the types of conservation programs. I would be happy to give you that information, those listings, and deliver it to you.

Thank you.

8:20

MR. DEPUTY CHAIRMAN: Ready for the question?

The Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. I do have some more concerns, questions, and comments to raise. I don't know if it's appropriate. The program is administered now by the Agricultural Research Institute. We didn't have much of an opportunity during the debate of the estimates for the Department of Agriculture to talk about the focus and the direction of the ARI in the somewhat reduced budget for the department. Certainly I'd be more than happy to hear a little more about the ARI from the chairman, and I think it's appropriate under this vote.

I would just like to say that the profile of the Farming for the Future program in the community, I think, is generally very good. I have on occasion heard people suggest, because they see someone they know that may be associated with the government who has a grant, that somehow there's a process of favouritism or access to the program for some people that others don't have. I'm standing in my place to tell members that that's not my perception at all. I've read through the book every year when it comes out, and I recognize a lot of names from around the

province of people who were coming forward with good suggestions, who were getting funded for projects, and who have no connection whatsoever with the government. In fact, they may work long and hard for other political parties in the province. Now, I'm not going to tell you who they are. [interjections] Thousands of them. But I just want to assure hon. members that I think the process is a good one. The minister alluded to the committees that do the job of monitoring projects, selecting projects, and providing advice with input on these committees from various producer groups. I just want to make sure I've got that comment on record, because I think the program's profile is a good one.

I'm just wondering if the minister would be able to tell us if the \$5 million is sort of an annual allocation. I have no idea to what degree that addresses the demand. The number of requests for program funding: are they going up? Have we managed to satisfy a good percentage of the need and the demand for funds through this program through that \$5 million annual allocation, or is there a shortfall there that we should be somewhat concerned with?

MRS. McCLELLAN: I'm just going to comment generally, and then I'm going to ask the chairman to comment on the applications. The process is that in the fall of the year we ask for submissions for projects. The committee receives the project requests in November for Farming for the Future, and then they spend about two months assessing them, looking at them, and checking, obviously, as to whether they are duplicated in any way. Then they go into the next process. Working with the department, they again look at these and assure that we're not duplicating a project that has been done and that, you know, these are indeed priority areas. So that process I'm very satisfied is quite complete and thorough. The \$5 million is an annual allocation under the Farming for the Future program mandate as it stands now. As I indicated in my opening remarks, that five-year mandate will be ending, and we will be looking at a new mandate for the program.

There will never, in my opinion, be enough dollars for research to satisfy everything. I think, though, that because of the very close co-operation that we have with our research stations, both Ag Canada and Alberta, with our universities, who carry out much of the basic research, with our agricultural colleges, and with our number of forage associations and research associations in the province, we are doing our best to prioritize and use those dollars to the best interests of the further ability of our industry to grow, develop, and compete. Certainly they are looking at new things: market research; we've done a lot in efficiency of production; new technology.

One of the major thrusts will be environmental sustainability, and you would look at the projects that we've been funding, and you would see a fair amount of emphasis coming in that area. Some people think that producers indiscriminately scatter pesticides and herbicides around. Anybody that's in the industry and pays the dollar that they cost knows they that are not indiscriminately used. One of the things Alberta Agriculture did not have a tough time selling was triple rinsing, because when you pay \$300 for a little jug this big, you want to make sure you get every drop out of it. It's been a very successful thing.

I would ask the chairman if he would just like to comment on the number of projects received that they have not been able to fund and, indeed, that they have been able to fund.

Thank you.

MR. DEPUTY CHAIRMAN: Taber-Warner.

MR. BOGLE: Thank you, Mr. Chairman. Keeping in mind that we're dealing with the Farming for the Future element in the department, we had 205 requests during the current fiscal year for a total of \$8.7 million. We were able to fund out of that about 40 percent, or 104, for \$3,979,000.

Now, I want to emphasize, Mr. Chairman, that while on the surface there may be an impression left that there's a shortfall here – and I'd be the last to argue that the institute couldn't find a home for some additional funds – on the other hand, you have to hone your skills and abilities as a research committee if you've a sufficient number of applications coming forward, and from those applications you have to select a number to fit within your budget allocation. We try very hard to ensure through, first of all, four strategic committees that we are indeed focusing on the right areas, and resource conservation, the whole area of conservation, is receiving more attention.

We are trying hard to refocus our attention from production, because traditionally that's where we've been in research, not only in Alberta but throughout North America. We've been trying to find ways to produce more. When you're changing direction in research, it's like changing an ocean liner that's going 20 knots: from the time the captain gives the signal that he wants an alteration in course by five degrees to port, it takes time before that liner begins to turn. We are trying to put greater emphasis on marketing, on other areas of diversification for agriculture, and indeed on the conservation.

That's just a snapshot in terms of Farming for the Future as to the number of applications received, the dollar amounts, and what we've been able to actually fund at the current time.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Gold Bar.

MRS. HEWES: Thanks, Mr. Chairman. Just a couple of questions that spring from the chairman's comments. I recognize that it's necessary to get a balance in research projects, but from my reading, the annual report on Farming for the Future for '89-90 shows an expenditure of \$3.9 million; the program itself received \$5 million. The year before, \$3.8 million when the program received \$4.8 million. Now, Mr. Chairman, what I need to know, then, is: did the projects submitted not require that total amount of money, or were we trying to get a different kind of balance, and then what does happen to the remainder of the funds, to the excess?

8:30

The other question I have is that there's an item of \$12,800 for a conference cost but no other expenditures of that nature. There again it begs the question: was the remainder spent on administration, or where did it go? The other thing I want to mention, Mr. Chairman, is just a plea. The minister commented on the progress report, which I appreciate but would like to see a greater breakdown of the expenditures in it, more in the nature of an annual report. I think that would be helpful if there was more detail on the expenditures in the progress report.

Thanks, Mr. Chairman.

MR. BOGLE: Mr. Chairman, first of all, some of the projects that are approved by various research committees are for a duration of more than one year, but in all cases the committee re-evaluates the project to determine whether or not they're

satisfied that the researcher or the group of researchers are indeed fulfilling the mandate, the original objectives of the project. So there are cases where projects are terminated partway through, where a researcher either wishes to expand the research in an area or adjust it in some way. So we try to use that kind of flexibility in terms of reviewing the projects.

The other thing we've been very deliberate about is that if we aren't satisfied that we've got the quality of projects that should be funded in a particular area, we aren't determined to spend all of the money. We allow some of the funds to build, and because the research institute is a Crown corporation, we are allowed to carry surpluses forward. In fact, if I can put in a editorial comment, I think it would help government if we adjusted our whole focus and allowed departments to benefit from savings and to be rewarded for savings rather than constantly returning everything to Treasury, so we avoid that last-minute rush to get rid of the money at the end of the fiscal year. Now, of course, I'm saying that as a nonmember of cabinet looking at it from my own point of view. I'm sure ministers have other points of view.

We do in fact have a reserve account that's been built, and that has allowed the institute to respond to very specific requests that come forward so that we're not penniless, if you like. There is an ability to do that. In all cases, of course, that must be done with full approval of the board. While I'm on expenditures, I might just add that in the on-farm demonstration projects, any project that comes in over \$10,000 must come back to the full board for approval. Any project that's under that amount, the process which is followed is that, first, the local committee – and there are six committees on a regional basis across the province – must review it, approve it, and make recommendations. It then is forwarded to the executive director, who reviews it and gives his comments, and it comes to the chairman. The chairman actually signs them off if they're under \$10,000. I'll state that the policy I operate under is that if they have the approval of both the local committee, which is made up of people in the department as well as farmers from that region of the province, and the executive director of the institute, who is an employee of the department, then they're automatically approved in my view, assuming they follow the guidelines that we've set up through the institute.

So in short, yes, we do have reserve funds that we're able to carry forward from year to year. We review not only our mandate but our funding arrangements and other factors with the minister on an ongoing basis. This year – and I'm moving from the heritage fund for just a moment – our funding from the General Revenue Fund was reduced by \$100,000. We were able to make up that shortfall through our reserves. Okay? Now, we're cautioning Treasury not to penalize us in future, not to look at any reserves that we build up as an automatic way to reduce our funding from the GRF. But one of the advantages of having that fund is that we were able to make up the shortfall in that way so that our precious research dollars are not going to be adversely affected.

MRS. McCLELLAN: I just wanted to make one quick comment. The other thing we must remember, too, is that we do have on one side one group of expenditures and research projects and the on-farm demonstration, which is \$600,000 that you have to add into that expenditure too. The other thing that I encourage the committee to do is to keep a little money back for something that may come up, recognizing the committees

deal with these in November, accept them November 1, so that if we have a challenge come at us in Agriculture that we need to direct some attention and some fiscal capacity to, then there is something that we can hold for that. Those were two things I wanted to comment on.

MR. DEPUTY CHAIRMAN: The Member for Stony Plain.

MR. WOLOSHTYN: Thank you, Mr. Chairman. I'd just like a bit of clarification on the relationship between the Agricultural Research Institute and Farming for the Future. If you look at the estimates, as the Chairman aptly pointed out, there's a decrease of some \$100,000 to the research institute. Then if we look over to Farming for the Future, which I understand has now come under the umbrella of the institute, we'd notice a rather significant increase in the number of employees that are going into that particular program and with the corresponding increase in the amount of money being allocated to salaries. So I'm just sort of wondering if we're not taking from one pocket and putting it in another pocket, and when that happens, we quite frequently lose a lot of change in the transfer process. I'm sure that there's some very logical explanation for it.

The other is – and I don't know if you would have this information on hand. I'm quite pleased to hear the method of project approval, in that projects \$10,000 and upwards do come before the whole committee, and I think that's only appropriate. I would like to know, however, what the largest current project under way for dollar value is, what particular category it's in, and perhaps where it might be located.

Thank you.

MR. BOGLE: One of the things that the member has pointed to is the apparent costs for administration. It's important to remember that when projects are submitted by employees of the government of Canada from a research station, as an example, we cannot deal with those projects the same way we would with a proposal that's come in from the University of Alberta or a private-sector individual. We're forced to go through a more complicated process of getting the funds back to the institution from which that individual is employed. That's why we wind up with the figures being skewed in that particular way. I want to assure the member that Farming for the Future is not top heavy with administration. It's the bookkeeping we're required to do in order to get the dollars to federal government employees who are doing approved research work.

MRS. McCLELLAN: I just think that we should add that the administration, I believe, is about 4 percent of the total budget. The salaries, remember, are to people who are doing research projects. Some of the salaries show up in there because of the way they're identified. Certainly it's not our employees of the Farming for the Future program or the research institute, and one of the reasons for amalgamating the two or putting the Farming for the Future program under the research institute was, indeed, to save on the administration side, which does assist us greatly in having the two programs together under one umbrella and, indeed, cuts our administrative costs because they are handled under the same group.

8:40

MR. WOLOSHTYN: Just a further clarification if I may. On the one from the chairman, am I led to believe that when the provincial authority enters into project work with the federal

government that it becomes a costly, time-consuming process to fund the feds, or did I misunderstand you? That's the impression I got from it, and I'd appreciate further clarification.

The other one to the associate minister, again, for clarification. What we have in terms of an increase of 12 additional employees could very well be people who have been hired to do research, and that would beg the question: why would they not be identified as a part of your grant structure?

AN HON. MEMBER: You have to stand up to speak.

MRS. McCLELLAN: Yeah. I'm trying to think whether I can figure out what the question was. Part of the salaries and wages that do show up are for research personnel, people who are actually performing research projects, and part of it is for administrative personnel. I think the figure that you're looking at under salaries and wages – I'm just trying to follow because I may not be following the same line – is \$1,147,650? Are we on the same track? So \$945,000 of that is for research personnel, and the balance is \$202,650 on the administration side. So you see, because of the complexity – it isn't that it's cumbersome, time-consuming, or costs us a lot in extra bookkeeping; it's simply a matter of transferring funds between governments, which is not easy. It's done in a different way than direct grants to, say, the Pembina Forage Association. If they applied and got a grant, it would be a direct grant and go through that way. So that's why that line, and I hope that clarification gives you the dollars in salaries and wages that are directly to research personnel, people who are carrying out research projects.

MR. DEPUTY CHAIRMAN: Just a general suggestion. Perhaps one could get all their questions out, because there are other speakers.

Stony Plain.

MR. WOLOSHTYN: Thank you. This will be the last one. I would then ask the minister, if you wouldn't mind – I guess a more appropriate response would be down the way, in writing – to give us an indication of how much money, whether through salaries for research assistants or grants or whatever, goes to the federal government from this particular project? I wouldn't expect that you would have that necessarily at your fingertips, but I would appreciate that clarified for me.

Thank you.

MRS. McCLELLAN: I'll just simply say, yes, we'd be pleased to present that information to you because in the reports that we give, it identifies how much funding, and I think in the progress report beside every project, if you look at it, the funding amounts are there for the particular project and who it went to. So that would not be impossible to do, and I'd be happy to pass that on. That's an estimate at this time.

MR. DEPUTY CHAIRMAN: Just for the record's purposes, the Chairman has no great difficulty, but the record must be kept and procedures must be followed, so hon. members wishing to speak must be recognized.

Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'd just like to make note of something and put a question, then, to the minister responsible for these votes.

The observation I'd like to make is that for some years now as a policy of the government, resource revenue has not been flowing into the Heritage Savings Trust Fund. In addition, all the income from the fund has been transferred to the General Revenue Fund of the province, which has resulted basically in stagnation in the capital of the Heritage Savings Trust Fund. So spending money from the capital of the Heritage Savings Trust Fund on projects within the capital projects division has the effect of eroding the income-earning capital which exists in the Heritage Savings Trust Fund. Given the circumstances that I've just outlined, I wonder if the minister could take a moment to address the question: why then are these expenditures in front of us tonight under Agriculture still continuing to come out of the capital projects division of the Heritage Savings Trust Fund, and why hasn't the responsibility for them instead been transferred to the operating expenditures of the Department of Agriculture?

Just so I make my point clear: more money of the Heritage Savings Trust Fund that's being spent on the capital projects division has to be taken from the income-generating capital of the trust fund; therefore, we're eroding the ability of the Heritage Savings Trust Fund over time to generate income for the General Revenue Fund. Why is it that we're continuing to finance these votes out of the Heritage Savings Trust Fund when they could just as easily have been financed through the general operating expenditures of the Department of Agriculture, thereby preserving the long-term integrity of the income-earning assets of the fund?

MR. DEPUTY CHAIRMAN: Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. I just want to say it was refreshing to hear the comments from the acting Agriculture critic of the Liberal Party: very thoughtful, considered, and low-key input. It was refreshing.

Referring back to the comments by the chairman of the Agricultural Research Institute about the scope of the research through the institute and the Farming for the Future program broadening somewhat away from being just production oriented, I think it's really a positive move and something I'd like to encourage a little more. I'll relate a story to illustrate that.

As the associate minister mentioned, there is a group in our constituency very involved and concerned with soil conservation, the Stanislaw Sandblasters Conservation Society, very involved. Their work is generally supported by everybody in the community, but there are some people who express concerns. The one concern that you'll hear people say: "Well, how do they expect me to pay for all this? I mean, it costs money to conserve resources, and when I'm getting paid 1930 prices for my grain, how the heck can I afford to manage the land and the resources and do all of these things?" It's difficult to convince people who are under extreme financial pressure in the short term that doing sensible things long term will pay off, because they might not be around to realize the benefits of that.

It has always been my view that we have to find a balance there, that a lot of attention needs to be paid to the economics of agriculture, that farm people responsible for managing these resources in a way that is beneficial not just to them but to the society as a whole will make the right decisions and do the right things and access the technology and the cultural techniques, if they're given the tools. One of the tools they need is the ability to make a living farming. I know the ministers are sensitive to

that. The chairman of the research institute is sensitive to that as well. We have perhaps some political or philosophical disagreements about how to best approach income stability in agriculture, but I just want to make the case. I think we can agree that it's absolutely essential that more attention be paid to the economics and long-term viability of people being involved in agriculture so that the benefits of improved and enhanced techniques can be accessed and realized. I just make that case in terms of the economics of agriculture.

I have one suggestion I'd like to make to the minister and the chairman. Perhaps I should ask them to tell me what opportunity there is for the department or the ministers or members responsible to make suggestions to institutions that may access funds through the Farming for the Future program. Can the minister make a suggestion that may reveal itself eventually in a project being funded through the Farming for the Future program? Okay, that can be done. That was my suspicion; I just wanted to confirm it.

8:50

Following along the theme of conservation, agriculture, and the kind of interests people have in treating that precious resource with respect, there has been some policy development both at the federal and provincial levels with regards to encouraging people to maintain wetlands, to maintain wildlife habitat, to perhaps take some marginal land out of production and restore it. Restoring the special areas to native grasses as opposed to being subjected to cultivation for the production of annual crops: those sorts of programs. There's renewed interest in that area. There have been some initiatives through CARTT and CASCI and, I gather, part of the recent announcement by the former federal Minister of Agriculture relative to the premium reduction for GRIP and NISA. There was a component of that announcement that included money to be made available to farmers willing to take land out of production under certain parameters.

Now, there's a political sensitivity to the issue. People well remember the LIFT program of the early '70s, the lower inventories for tomorrow program, and the kind of reaction that had in the intermediate and long term from the farm community. It was not good. That may have biased some people in terms of being willing to take advantage of funds that are made available through programs to take marginal land out of production and maybe look at different ways of utilizing land long term.

Providing that as background, I just want to suggest that it might be useful to look at what sorts of programs we could develop. This may involve some study groups with sectors in the farming population, may involve focus groups or some surveys to determine to what extent producers would be willing to participate in programs like that. What kind of programs could we develop that would encourage people to make the best long-term use of their land base? You know, we've talked a little bit about how municipal tax incentives, for example, might be used to advantage if people are willing to plant windbreaks, shelterbelts, maintain hedgerows, maintain some wetland wildlife habitat on their land. To what degree would they be influenced in that decision if we were to provide some fairly generous up-front tax breaks on the property taxes they pay? I know there's been some work done in that regard. I guess the bottom line would be a suggestion that we look at trying to find ways to encourage interest and participation in those programs and that that might be a legitimate focus group/research study kind of

project to be done within the farming community under the auspices of the Farming for the Future program.

I know I'm not talking about irrigation yet, but I do need some water to rehabilitate my throat here so I can keep going.

The other concern I'd like to raise just in a general way is about the focus of research and relate that to some sort of parallel initiatives within the Department of Agriculture. We'll have a chance to debate this session in the House a Bill that I've got on the Order Paper with respect to amending the Marketing of Agricultural Products Acts, a section that relates to the formation of commodity groups in the province that collect refundable levies. Now, I don't intend to embark on that debate because it's not appropriate in this context, Mr. Chairman, but the issue here is that there is a definite incentive provided through legislation and through government policy for the formation of commodity groups. One of the reasons most often given by the proponents of the commodity groups that are being formed under the auspices of the Marketing of Agricultural Products Act is to further research with respect to that particular commodity, be it production or marketing of the commodity. Certainly there's something to be said for producers taking an interest in the future development of the crop and subsequent products that result from that crop, the further processed, value-added component associated with that crop. There's some merit to that, and I think it's healthy that producers take an interest in how to produce their crop, how to stimulate production, do it more efficiently, and how to enhance the overall economic impact of the production of that crop. So that's positive.

However, I think there's a significant downside to that as well. I believe very strongly that agriculture is one of the primary engines of growth in the Canadian economy, is something that contributes in a very significant way to the gross national product of this country, is something that is of broad public concern. The consuming public has a great interest in the future of agriculture. It's not just the people who produce food but the people who transport it, market it, process it, and eat it who benefit from the enormous economic activity generated through all of those associated and related activities that have a direct interest, I submit, in agriculture. I've always felt strongly, and indeed our party, the New Democratic Party, has felt very strongly that we must maintain a strong and increased public commitment to the research sector, to research in agriculture, and that to some degree the advent of commodity groups whose, you know, *raison d'être* is to promote research in their field could be seen as an outgrowth of diminished public commitment to research both at the provincial and federal levels.

Now, someone could observe, I suppose, that in actual dollars, factoring in inflation, et cetera, et cetera, the amount of money that we've committed to the Farming for the Future program has been declining steadily over time. The chairman of the Agricultural Research Institute gave some very good reasons why the budget allocation for the institute has been downsized somewhat, but I just hope it's not an indication of a diminished public commitment to basic and applied research in agriculture. I think it's absolutely vital that we be kept at the leading edge in terms of variety development, production and cultural techniques, and development of equipment and further processing, because this is an industry that has to be around forever, otherwise we're not around at all.

That public commitment is one that's very important to me, and I want to lobby, I guess in the context of the debate on the Farming for the Future vote, that this program be continued, that there be a visible and increased commitment from the

government to publicly funded research, and that we don't pass off increasing reliance on producer-funded, checkoff-funded research. You know, there may be a role for that. I'm not saying that, but I just don't think we want to move to a system that relies increasingly on the direct proponents for the onus of research, because the people who benefit are, quite frankly, a much, much broader group than just the producers.

MRS. McCLELLAN: Mr. Chairman, I would just say that the member has raised some very interesting thoughts. I look forward to discussing with him in some detail in a less formal situation some suggestions as to some changes, perhaps, in some ways of accessing research. I would simply thank him for his interest in research and the belief that it is important. I would look forward to him taking the opportunity to maybe discuss that with the Member for Calgary-Mountain View, and I won't get into that discussion.

9:00

MR. DEPUTY CHAIRMAN: The Member for Smoky River.

MR. PASZKOWSKI: Thank you, Mr. Chairman. I have two or three minor comments to make and one or two questions, actually, referring to the irrigation aspect of your portfolio. Although we don't have a great deal of irrigation in the part of Alberta that I come from, it's something that does bring forward a fair amount of interest, and certainly it's something that's turned a good portion of our province around. I guess my question to the minister is: what is our net return for irrigation? How much of Alberta are we actually irrigating, and from that irrigation what type of a return on investment are we achieving?

From the soils perspective the minister mentioned that she had traveled through Russia, and I'm sure her experiences in Russia brought her close to some of the soils technicians that the Russians have. Certainly I think that particular country is probably one of the leaders in soils research and soils development. I guess my question to the minister or to the chairman basically is: what type of soil research are we doing? Are we doing some in-depth type of research as far as soils, as far as the quality of soil, the uniqueness of the soils that we have in Alberta? They're not consistent throughout the province. Certainly the types of soils we have in the north are different from those in central Alberta and different from those in southern Alberta. Do we have some actual programs involved in soil development and soil studies? Certainly, knowing how to manage the soils is of long-lasting benefit to future generations, not just our own.

I want to commend the work that the minister is doing, and I also want to commend the work that the research institute is doing, because this is something that is providing a very, very worthwhile attitude for the growth of agriculture within the province. It provides a hospitable climate for development of new technology as far as development of crops that are suitable to soils, that are suitable to climates that indeed are unique to Alberta. We do have requirements that are unique in Canada, being close to the mountains, being close the prairies. We have the transition area.

MR. FOX: And it's close to the North Pole.

MR. PASZKOWSKI: And close to the North Pole. There are some of us that have managed to manage the North Pole in a very productive way, and we anticipate the Pole is going to keep growing. We expect great things out of the Pole. [interjection]

The PCs can achieve anything, yes, as my hon. colleague has suggested.

I'll leave that with those statements.

MR. DEPUTY CHAIRMAN: The Member for Vegreville.

MR. FOX: I was going to move on to the second vote. If the minister or the chairman had any comments about Farming for the Future, I'd yield my place and save that.

MR. DEPUTY CHAIRMAN: Okay. Are you ready for the question on vote 1?

MR. FOX: Just one suggestion that I'd make before we pass Farming for the Future. I've put a lot of thought as I drive to and fro in the province to trying to develop an economic use for stinkweed in the province now, because I realize that I would be perhaps the most famous person in all of rural Alberta if I could find an economic benefit, some use that that crop could be put to that people appreciated. I've not come up with anything, so I'm throwing that challenge out to the minister, who may want to endear herself to everyone in rural Alberta who has to cope with that nasty little stinker. [interjection] That's right. It's a stubborn, persistent little stinker, but if we can find a viable use for stinkweed – if the minister could do that, she would be inducted into the Agriculture Hall of Fame and hailed from one corner of the province to the other as the saviour of agriculture.

MR. DEPUTY CHAIRMAN: Are you ready for the question?

HON. MEMBERS: Question.

Agreed to:

Total Vote 1 – Farming for the Future	\$5,000,000
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MR. DEPUTY CHAIRMAN: The Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. I presume we're on vote 2. Again, the irrigation rehabilitation and expansion program in the Heritage Savings Trust Fund capital projects division is a vote that has always enjoyed the broad support of members in the Assembly. Contrary to public opinion, the opposition often supports what the government does, be it the expenditure of funds or the passage of legislation. This is another area where I've often stood in my place and acknowledged the good work that the irrigation districts do and observed that we have expended to date a considerable amount of public funds and private funds as well to develop an irrigation system in these districts in southern Alberta. That being done, it's important that we do what we can to ensure the long-term viability of those systems and make sure that we're able to garner efficiencies in the transmission and distribution of that water.

It's a good program. We support it, but again I'm wondering if the minister would give us some idea to what degree we are addressing the demand through the program. Let's say you've got a capital infrastructure. There's a certain amount of rehabilitation and repair that goes along with that system, an annual component, if you will. If you don't stay slightly ahead of the deterioration of that capital infrastructure, then pretty soon you have no infrastructure at all, and the costs of rebuilding are massive. There is some expansion component in the budget, but I'm wondering: by allocating \$25 million a year, to what degree are we keeping up with the rehabilitation require-

ments of the existing system in the 13 irrigation districts, and – pardon the pun – are we gaining ground on the issue overall?

MR. DEPUTY CHAIRMAN: First of all, hon. minister, my apologies. There's a procedural motion to make.

MRS. McCLELLAN: I'd like to ask that vote 1 be reported.

[Motion carried]

MRS. McCLELLAN: I'd like to just comment on the rehabilitation program. The rehabilitation of canals that is occurring is really what it says: rehabilitation of existing canals. The ongoing and annual maintenance is really carried out by the districts on an annual basis. The rehabilitation is attending to things, such as that a good many of the canals in our districts are very old. Some were put in many, many years ago. Some of it requires changing alignment of canals, because perhaps when they were put in many years ago, they go across a field, cut fields. Also, the other thing that has, of course, occurred in the history of irrigation canals is new technology. Things that we have learned over the years and years of experience from when some of the earliest ones were done by the CPR in very early years is on how to contain seepage and so on.

We have new technologies that have certainly contributed to the viability of the lands around them. One of the real concerns when this program began in the early years was seepage, salinity that was being caused. Hence, we do rehabilitation of canals for that purpose. The ongoing maintenance of the canals is done by the districts through funds generated through their water users. I think that that is very right and very proper.

The member from Smoky Lake had raised a question . . .

MR. PASZKOWSKI: River.

MRS. McCLELLAN: Sorry; Smoky River. It's late.

AN HON. MEMBER: Move we adjourn?

MRS. McCLELLAN: Yes.

. . . about the value of irrigation in the province and if we had any figures that really would say how many acres of land and so on are under irrigation. About 4 percent of the agricultural land in Alberta is irrigated through the irrigation systems, and it is estimated – and you have to understand it's a bit difficult to get a hard figure on these things – it generates between 16 and 20 percent of agricultural production. Four percent of land produces a very significant number in relation-ship.

9:10

I think more important are the opportunities that those irrigated lands give us for new and specialty crops, for diversification, for opportunities to produce crops for value added, for new markets that we might not have in other areas of the province. Because of the heat units that are generated in that part of the province, perhaps we are able to grow crops that we can't grow elsewhere, and it has greatly added to the diversification of agriculture in Alberta. Take the private irrigator program, which we will get into in vote 3. It was put in with the idea of perhaps expanding that opportunity to other parts of the province and where people aren't in an irrigation district, the opportunity to irrigate and perhaps diversify their operations through that. I think there's no question on the value to the province and the number of man-years of work that the rehabilita-



tion has put in place, and the dollars to industries that service that are very substantial.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Gold Bar.

MRS. HEWES: Thank you, Mr. Chairman. As I understand it from the minister's explanation, the districts, in fact, determine this program. This year no money is given in the budget to Support Services. Perhaps I missed that in the minister's earlier comments. Is that contained in some other budget, or how is that accounted for? Perhaps the minister will answer that.

I do have a couple of other questions, Mr. Chairman. The program has paid out – what? – \$286 million since it began, and it is one program that we consider to be of value. But I wonder; the districts themselves determine the program. Since it is in a sense a hidden subsidy for irrigation agriculture, how then do we determine what the cost benefit is? How can we explain to our constituencies how this is measured by the department and whether or not it is justifiable on economic grounds as well as on social grounds? I think it's important that we know that.

Mr. Chairman, the only other question I have is: can the minister tell us to what extent the program has, in fact, increased the efficiency of water use in the province? Do we have a handle on that factor as well?

MRS. McCLELLAN: I'd be very pleased to attempt in a short, brief way to explain some of the questions you asked and perhaps to offer the commitment to the member, because of her interest, to give her some more information on the benefits in a written form.

Support Services that is identified in the budget: that has been changed; it was \$200,000 that had been identified for irrigation research. In the change of the program this year, the irrigation research component responsibility has been put over to those projects being funded or asked for or requested under the research institute. We really are trying to continue the streamlining and the umbrella approach, so we have removed that component which was there.

The benefits of irrigation. One must remember that the irrigation farmer, first of all, pays all of the costs of irrigation on his land. The irrigation canals are for conveyance of water, and it is true that it is a benefit to agriculture and to the industry, but there are some 50-odd communities in southern Alberta which draw their water through irrigation works. There are industries that draw their water through that. I would venture to say – and the Minister of the Environment might have a better handle on this – that there is not one natural recreation area in southern Alberta. The lakes, the reservoirs, are used by all Albertans. The enhancement of fisheries opportunities in Alberta, in southern Alberta in particular, is through this program. I can assure you that it is not all farmers that you will find around those reservoirs or off windsurfing on Sunday, especially if they're irrigation farmers. They don't have time.

So there are benefits that are very hard to measure and qualify that flow out of the canals, particularly the main canals, to all of those communities in southern Alberta, which without would suffer for lack of water for municipal use. Certainly it would eliminate any opportunities for recreation, which is, as I say, a benefit to all of Alberta, because there are some very popular recreation areas thanks to the irrigation system.

I would be quite happy to give the member some further information in a written form with those statistics on the benefits, the years of man-work, the dollars to industry in that,

and to explain a little more what we are doing in the rehabilitation of these to protect the integrity of the soils around.

Thank you.

MR. DEPUTY CHAIRMAN: The Member for Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Chairman. I wouldn't argue with the benefits of irrigation to agriculture or to the communities in southern Alberta. However, I'm developing a growing concern as to the number of places and the number of departments which are becoming involved with the redistribution, creation, whatever you want, of water systems. In the estimates, I believe vote 5 under Planning and Development, there's \$14 million directed towards something to do with irrigation supporting the secretariat. Then we go into what we are currently on: Irrigation Rehabilitation and Expansion. In vote 5.3 of the estimates for Agriculture you've got \$13.5 million. If we continue on, we find vote 2 has to do with the rehab, I suppose, of the system, what they refer to as the "major works." You go on to a vote that's coming up in Environment, and there's \$40 million to rehab some more. As the minister pointed out, I would suspect that the same irrigation works would be serving the communities and the farmers, and the same irrigation works would be providing water, hopefully, for the industries that we're going to tie into it. Somewhere in the estimates I'm sure if we looked far enough, we'd find that Public Works, Supply and Services is also in either the water distribution or dam building business.

I think we are probably sadly lacking in what would be a good co-ordination of where our dollars are going, because if we tallied the total amount spent to date on irrigation under the various departments and looked at the number of acres you want served, whether it be 4 percent of the total acreage in Alberta – that would give you a rather disproportionate support per acre – or whether you wanted to go on the amount of contribution being your 20 percent support, we still have a large subsidy to delivering water. Granted there are the spin-off benefits, which I won't argue with nor will I condemn. The recreation aspects are valuable, yes.

9:20

I would wonder to what degree this activity has kept people in rural southern Alberta. I wonder how much effort is going to be made, if you will, to give some assistance to some of the special areas, perhaps smaller works but ones that could distribute water perhaps on a localized basis. What I'm referring to largely there is basically for cattle watering, if for nothing else, and I'm sure that although the land is of a different geographic mode, there certainly is room for having a good look at perhaps redirecting some of the funds into the special areas – the dry areas, which I believe, unless they get rain, are into their ninth year of drought – rather than continually pouring in, and now we're into hundreds of millions of dollars going over the same waterworks.

I would also suggest that unless I'm very, very wrong, we don't even see all of the money that's directed towards irrigation here. What I'm referring to: in the last 18 months or so along Highway 1 a whole series of canals crossing the highway between Calgary and – well, down south; I've forgotten the name of the town at the moment – were being refurbished, as well they should be; I don't argue with that. But I would suggest that those were likely in the transportation budget. If they weren't, well, so be it. The point I'm trying to make is that we are at this time, I think, losing our perspective as to how much is going to

go into the existing areas and to what degree we subsidize irrigation farming. Granted, I think that the farmers pay for the pumping costs, but I don't feel that's unreasonable when you consider the kind of climate they can create. Any farmer in this area of the province would just love to be able to control the sunshine and the rain, and this is basically what irrigation does. The result of that in large – and sometimes in some degree puts the southern farmer into an unfair competitive advantage against the northern farmer, especially when we get into the area of forage crops and into the sale and distribution of these, depending upon years and whatnot.

What I'm saying to the minister is that there has to be a really good look at who is in control of the moneys. We have got too many departments involved in the same kinds of projects, and I would suspect very strongly that we should have a good look at how much of that is being put in there under the guise of agriculture. Agriculture is suffering throughout the province, and I think in the interests of fair play perhaps we should be looking very strongly at supporting some other agricultural programs not so much to balance them but the fact that they also are in need of support.

Thank you very much, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Are you ready for the question?

HON. MEMBERS: Question.

Agreed to:

2.1 – Support Services	–
2.2 – Assistance to Irrigation Districts	\$25,000,000
Total Vote 2 – Irrigation Rehabilitation and Expansion	\$25,000,000

MRS. McCLELLAN: Mr. Chairman, I move that the vote be reported.

[Motion carried]

MR. DEPUTY CHAIRMAN: The Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. Just one question about the private irrigation water supply program. I'm wondering if the minister can give us an idea – it relates to the question I asked about Farming for the Future. There's an increased allocation of some 24 percent for this vote this year. To what extent is that an indication of increased demand for the program? Perhaps that would be illustrated by an indication of the number of grants that have been applied for and what percentage of those have been accepted. I'm trying to get some idea of the take-up of the program, the interest in the program, whether or not we're meeting the need for this program.

[Mr. Moore in the Chair]

As well, I'd be interested in knowing about the regionality of this program. One would assume that most of the money would be going to people farming in the dryer areas in southern Alberta, but the dryer areas in the province seem to be extending beyond their traditional bounds. As well, there is definitely an increased interest in horticultural production and alternate crop production in the central, northern, and Peace River areas of the province.

I'm just wondering if she might respond to those two questions.

MRS. McCLELLAN: I would be happy to respond. First of all, I would say that the applications from central and northern Alberta have not been as great in number as we had anticipated. I would expect one of the reasons for that is the timing of the program and the relief from the drought in 1988. I would say that irrigation farming is not an easy life. It takes a very strong commitment to farm under those conditions. It's very intensive in management and very costly; there is a very, very high cost to producers that get into it. So there are not as many taking it up in other parts of Alberta, and of course, the funds are only available to irrigators who are not in irrigation districts. This is the third year of the program. Final applications will end this year, and there will be two years to complete the applications that are in place.

I'm trying to think whether I've got both of your questions. As I said, the applications will close March 31, 1992, so we would look at any amount of interest that might occur happening this year.

HON. MEMBERS: Question.

Agreed to:

Total Vote 3 – Private Irrigation Water Supply	\$3,815,000
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MRS. McCLELLAN: Mr. Chairman, I move that the vote be reported.

[Motion carried]

## Environment

MR. ACTING DEPUTY CHAIRMAN: Hon. Minister of the Environment, have you an overview?

MR. KLEIN: Thank you very much, Mr. Chairman. It's my pleasure this evening to be able to present to the Assembly two very important programs under the Alberta Heritage Savings Trust Fund for which the Department of Environment is responsible. I am, of course, referring to vote 1, which is the Irrigation Headworks and Main Irrigation Systems Improvement program, and vote 2, which is the Land Reclamation program. For the 1991-92 fiscal year vote 1 is requesting a funding allocation of \$40 million, and vote 2 is requesting \$2.5 million.

As in previous years, Mr. Chairman, I found it useful to distribute maps. I believe these maps will give members some idea of the significance and magnitude of the irrigation system in southern Alberta. Perhaps the page could circulate these.

Vote 1, Irrigation Headworks and Main Irrigation Systems Improvement. Mr. Chairman, this program to rehabilitate and upgrade the existing headworks systems that was initiated in 1975 and significantly expanded in scope following a government decision in 1980 to proceed with an integrated water management plan for southern Alberta. This 15-year program is scheduled for completion in 1995. Members may know that the primary objective of the program is to provide adequately sized, efficient, and reliable water supply delivery systems to all 13 irrigation districts and to the Berry Creek region in the special areas in the constituency of Chinook. This program, of course, is needed to meet existing and expanded demands for irrigation and other water uses.

9:30

Mr. Chairman, very much like the internal irrigation program that was just voted upon and presented by my colleague the

Associate Minister of Agriculture, a major emphasis is placed on the main canal and the headworks system in terms of modernizing the existing systems to improve their operational capability and delivery efficiency and on controlling seepage from the canals to minimize damage to adjacent farmland and, of course, to conserve water. This program not only provides for irrigation but also provides for a wide range of multipurpose uses, such as domestic water supply for area residents, municipal and industrial water needs, as well as water-based recreational facilities and wildlife enhancement. The hon. Associate Minister of Agriculture alluded very effectively to the tremendous improvement this has made to recreational facilities and capabilities in southern Alberta, where indeed you can see on the bald-headed prairie the phenomenon of windsurfing and other water activities, thanks to irrigation and effective delivery systems.

Mr. Chairman, this 15-year program is scheduled for completion in 1995. Work has been initiated on all the components of the improvement program, and by March 31 this year approximately 80 percent of the program was complete. The total expenditure to March 31, 1991, amounts to approximately \$473 million.

Mr. Chairman, turning now to vote 2, Land Reclamation, this is a very popular program, indeed a very positive program, throughout Alberta, particularly with municipalities. To date we have reclaimed over 1,300 individual projects, predominantly in the area of municipally directed abandoned landfill sites, sewage lagoons, water reservoirs, and dams. They are mainly small projects that previously scarred our landscape. The objectives of this program are basically to return lands as closely as possible to their original capability, to carry out research into improved reclamation techniques for minimizing the impact on the environment of surface land disturbances, to determine methods of minimizing such disturbances to provide for early certification of reclaimed lands, and to provide local employment for Albertans.

The land reclamation program has been in existence since 1976, Mr. Chairman. The current reclamation mandate was renewed in 1988 for a five-year term, to March 31, 1994. The request for 1991-1992 funding from the Alberta Heritage Savings Trust Fund is \$2.5 million. Two million dollars will go for actual reclamation projects, and \$500,000 will go for reclamation research projects. It's expected that the \$2.5 million will complete an additional 82 projects, those being reclamation and reclamation research projects.

With that, Mr. Chairman, I would be pleased to listen to comments and to entertain questions. Thank you very much.

**MR. ACTING DEPUTY CHAIRMAN:** The Member for Edmonton-Jasper Place.

**MR. McINNIS:** Thank you, Mr. Chairman. Since the minister blended his comments on both votes, I will do likewise.

The Official Opposition certainly supports the objective of vote 1, Irrigation Headworks and Main Irrigation Systems Improvement. There's no question that rehabilitation and upgrading of our irrigation network is a valid social objective worthy of funding from a resource such as the Heritage Savings Trust Fund. Clearly, one of the main purposes is to avoid waste of water. The minister mentioned that these new facilities will help to prevent seepage and waste of vital water resources. Water resources are among the most precious that we are granted upon this earth, and I think we have to take very great care not to waste them. I have an interest in knowing what initiatives the department has under way to try to make sure all

the elements of the system co-operate toward that objective, toward making sure we have as little wastage as possible within the system, recognizing the very great value that should be put on water resources. I understand there's roughly four years left until the completion of this program, so we're essentially at the tail end of a 15-year program, but it does seem that the government needs to find a way to extend the desire to conserve, preserve, and wisely utilize the water resource not only from the headworks in the main system but right through to the very end.

It continues to concern me that the government believes the cost of energy associated with irrigation should be the driving factor in terms of regulating water consumption. Somehow the government takes the view that if there's an energy cost associated with lifting the water from the canal and putting it on the field, that's sufficient to regulate the quantity of water used, the irrigation method used, and so on and so forth. I'm not sure that assertion is proven, and I'm also not certain it really addresses the point. We want to make sure that if we put in place what is to the end of this year some \$475 million of heritage trust fund moneys and presumably another \$100 million-plus to carry it on through to conclusion, those types of efficiencies are carried on through. I would like to know what work Alberta Environment, which according to the mission statement is responsible for the conservation and wise use of Alberta's resources, is doing to carry that through to the end.

My understanding is that in this system the user charges for water are based on an acreage payment. If you have a certain area of land connected to the irrigation system, there is a charge based on the acreage, and whether you use a little bit of water or no water or a whole lot of water doesn't make any difference. I wonder if there are studies under way in terms of what effect metering and user charges would have on the efficiency of the system, because really what we're driving at here and what this \$500 million-plus is budgeted for is to try to make the most efficient system possible. I would like the Minister of the Environment and others, if they're interested, to comment on whether the concept of metering the volume of water that goes through the irrigation system is being investigated as a tool to extending those efficiencies right to the very end.

On vote 2, Land Reclamation, there's no question that there are a lot of disturbed and, in some cases, tragically polluted sites around the province of Alberta which are in desperate need of rehabilitation. I am aware, for example, that Alberta Environment has a list of 11 environmental hot spot areas which are very seriously contaminated, usually with industrial effluent of one kind or another. A lot of these are wood preservative plants or refineries where material was essentially allowed to seep out into the ground, in some cases over a long period of time and in some cases contaminating a fairly large area. Alberta Environment has the list of 11 environmental hot spots and a commitment to fund rehabilitation work on three of those with current budget resources.

This particular program operates primarily in the public sector. I believe the minister said that almost all the 1,300 projects funded to date are municipally owned parcels of land where the municipal taxpayers are otherwise liable for rehabilitation. He mentioned landfill operations, sewage lagoons, and other municipal infrastructure which have fallen into disuse and need to be brought back into shape. I think clearly a program like this, although modestly funded to the tune of approximately \$40 million to date, would be helpful in lifting a burden from local property tax payers, particularly in the smaller municipalities where they simply don't have the budget or the tax base to

support this type of environmental cleanup. That aspect of the program is very worth while.

**9:40**

For the last two years in this Assembly I've been trying to get the minister to reveal how much money from this fund was spent to rehabilitate the site Peter Pocklington was supposed to build his packing plant on in the town of Picture Butte. There was a site there that . . . In the great fanfare, the announcement by the provincial government, the minister of Economic Development, the Premier, and the Provincial Treasurer, the Gainers rescue package involved – was it a direct loan of some \$55 million and a loan guarantee and numerous other initiatives which were supposed to result in an upgrading of the Edmonton plant and the construction of a brand-new meat processing facility in the town of Picture Butte? Well, we all know that Mr. Pocklington took the money, didn't upgrade the plant in Edmonton, in fact left it on the verge of bankruptcy, while he charged that firm very large and, I daresay, unwarranted management fees.

We also know that there was never a meat packing plant built in the town of Picture Butte. But I do understand that the Heritage Savings Trust Fund through vote 2, the land reclamation fund, expended some amount of money to put the site into proper order for this much awaited but never built and never seen meat packing facility. I wonder if, you know, the third time you get lucky. Maybe the third time I ask the question the minister will finally give us a dollar figure in terms of how much was spent on that project, because lots of people want to know. It's part of the Peter Pocklington legacy, the part that I think should be on the public record.

To return to the more general problem that vote 2 addresses, we have 11 hot spots which are in desperate need of rehabilitation. In many cases you have people who are resident in the local area, who have acquired land without knowing the industrial history of it. In fact, often the previous owners have an interest in hiding the previous history of the property, and it's a problem. I would like the government to develop legislation. You know, if we have what you call orphaned sites in this provinces, I think we need some parent finders legislation, if I can put it that way, Mr. Chairman, so the parentage of these orphan sites can be determined. I think there should be a type of a registry or information file which prospective property purchasers can consult to determine what kind of mess they are acquiring. Other provinces, other jurisdictions have looked at this problem and developed new concepts of liability and new concepts of information sharing so people don't inadvertently wind up building their dream home on top of a former refinery, as has happened not too far from the city of Edmonton, or a former wood preservative plant or some other chemical nightmare underneath the soil.

I would like to hear what the future plans of the government are in relation to particularly the list of the 11 hot spots around the province. Why are there only three which can be rehabilitated during the current fiscal year or at least in terms of the funding that's available for this purpose, and how is the decision made as to which of the 11 are going to be rehabilitated and which of the balance are going to suffer and the people associated with them suffer? It's a very important question. Now, I'm not saying that the 11 are the total list of problems that have to be dealt with. All I'm saying is that there are 11 that are clearly in a crisis situation with the potential for either further environmental damage or some potential risk to health and safety of humans.

So I think this two and a half million dollar expenditure needs to be put in that context, in the context of the orphaned sites. What's being done to establish parentage, to keep the liability where it belongs, in the hands of the polluter as much as possible, and how far are we going to go with the two and a half million available under vote 2 this year?

MR. ACTING DEPUTY CHAIRMAN: Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I have a series of questions I would like to ask the minister concerning votes 1 and 2. My first set of questions, of course, will relate to vote 1.

I guess I'm always concerned when I find myself having to rise to speak to the Minister of the Environment about irrigation related activities. When you consider that this represents \$40 million, which would be about 25 percent of the combined general estimates and Heritage Savings Trust Fund capital estimates budgets for this department, that's a huge portion of his department's budget which goes to this kind of Irrigation Headworks and Main Irrigation Systems Improvement. It's also true that more than \$40 million in addition comes out of his general budget that goes to this kind of work, so almost 50 percent of what the Minister of the Environment has to spend goes to things that in any conventional or traditional definition of environmental policy would simply not include this kind of work on irrigation systems as being properly within the mandate of the Minister of the Environment. It is, in fact, in effect a conflict of interest.

Certainly the Department of the Environment should have a profound interest in water quality and what occurs with our water and how it is treated and processed and utilized, but if that very department which is undertaking projects which have the potential for altering water uses, altering water flows also has the responsibility for checking to make sure that the quality of the water is sustained and its uses are appropriate, then there is clearly an inappropriate conflict of interest.

While of course I'm sure he and his colleagues hate to see his work diminished, it would be much more appropriate to have this entire vote within the mandate of the Minister of Public Works, Supply and Services. This observation conjures up even a greater irony when one considers that several years ago the then Minister of the Environment made the commitment to transfer responsibilities for water management – well, dams, which is only a relatively small part of the broader concept of water management projects which this vote addresses. That minister made the commitment to move staff from the Environment department to the Department of Public Works, Supply and Services. What we found out is that he moved seven people, that 500 people or more in the past have remained in the Environment department to deal with projects of this nature. So my questions to the minister would be: does he not believe that there is a conflict of interest? If not, could he please explain why not? That would be an interesting comment on the part of the minister.

My second question refers to the ability to measure the success of expenditure under this vote. My question is quite direct: how does this minister and his ministry measure the results of this expenditure? If it is that this rehabilitation, upgrading, or replacing of irrigation systems is to enhance their efficiency, could the minister please give us figures which indicate, over the years this vote has been in existence, what the results of the \$433 million expenditure to date have been in terms of enhanced, increased efficiency?

I'm also concerned, Mr. Chairman, with the general concept of the conservation of water. In some senses this vote, of course, addresses that issue, and to that extent each of us, I'm sure, is very positive about the need for a vote and for expenditure, a program of this nature. It seems to me that this program is that much more readily justified and its relevance, its justification is strengthened if in fact we see some sense of conservation initiative being promoted on the other side of the coin, if you will, by this government.

9:50

Of course, this kind of water management program isn't simply for irrigation. In the long run it certainly has implications, as the minister said himself, for industrial use, municipal use, and so on. Particularly in southern Alberta where there is not water metering in municipal systems it has been demonstrated that urban dwellers, municipal dwellers, use a great deal more water than their counterparts in Edmonton do where water is in fact metered. We only have to understand that the water that is utilized for other purposes unnecessarily puts pressure on these kinds of irrigation systems to be increasingly efficient. This costs more money, and that raises the question: can the minister justify this expenditure for us in light of the fact that he has done very little and his government has done very little by way of reasonable conservation measures directed at other users of water in places like southern Alberta? I believe, Mr. Chairman, that it becomes too easy to accept somehow that water is free or water is cheap and that its use can be all but unlimited. We only have to look at the fact that when this water becomes drinking water, it needs to be processed and refined. Of course, that costs money. It isn't enough for the minister simply to stand up in this Legislature and ask, on the one hand, for a great deal of money to enhance this irrigation system and, on the other hand, simply ignore for all intents and purposes practical and responsible conservation measures.

I would also like to ask whether the minister has given any thought to the long-term and even the short-term impact of global warming on his irrigation system. Over time as the Earth's climate begins to warm, and there is increasing evidence that that is occurring, of course, this will have profound implications for places like, for example, southern Alberta, which is now dependent in large part on irrigation. That system requires water, and as southern Alberta might well become drier and drier due to global warming, it may become increasingly difficult to find water to fill that system. I mean, regardless of whether or not you've got an irrigation system, you need water in it. I wonder whether the minister has given any thought, long-term planning to the potential for global warming on the ultimate usefulness and functional operation of his irrigation system. Or are we simply, on the one hand, throwing money at this system and, on the other hand, not anticipating that other events could have a tremendous impact on how well it will operate?

I believe that we are all concerned with the quality of groundwater. It's not unrelated to this, of course, and I would ask the minister what progress he has made on the program that was undertaken, I believe several years ago, to create an inventory of groundwater and to look into the need to regulate

groundwater usage. We spend a great deal of time regulating how we take oil, for example, out of the ground, but there is relatively little thought or supervision given to how anybody can take water out of the ground, and, of course, doing that inappropriately can affect the quality of groundwater and that can create other problems.

For vote 2 I would ask the minister whether he could provide us with a list of land reclamation projects that he will be investing in this year. I would ask what priority he is placing on reclaiming those 11 toxic waste sites that have been identified by his government, only three of which apparently have had money allocated for their reclamation. I wonder whether he can tell us the order of priority and what schedule he has for cleaning up the remaining eight.

Specifically I would be very interested to know what provisions the minister is considering now for reimbursement of people like the McDowells at Black Diamond and what the status of his negotiations is with respect to the McDowells in particular. He has said that he is meeting with them, but it would be very interesting to know what came out of that meeting and when we could expect a settlement on their behalf and certainly when their property more generally will be reclaimed, what the schedule of that is.

Thank you very much, Mr. Chairman.

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

[Motion carried]

[Mr. Moore in the Chair]

MR. PASZKOWSKI: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions and reports as follows.

Resolved that from the Alberta Heritage Savings Trust Fund sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1992, for the purpose of making investments in the following projects to be administered by:

The Department of Agriculture: \$5,000,000, Farming for the Future; \$25,000,000, Irrigation Rehabilitation and Expansion; \$3,815,000 for Private Irrigation Water Supply.

The Committee of Supply has had under consideration certain resolutions of the Alberta Heritage Savings Trust Fund capital projects division for the Department of the Environment, reports progress thereon, and requests leave to sit again.

MR. ACTING DEPUTY SPEAKER: You've heard the report. Are you agreed?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: Opposed? Carried.

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

