



Legislative Assembly of Alberta

The 29th Legislature
Second Session

Standing Committee
on
Alberta's Economic Future

Agrifood and Agribusiness

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Standing Committee on Alberta's Economic Future

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Standing Committee on Alberta's Economic Future

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Ministry of Agriculture and Forestry.....EF-415
Ken Gossen, Executive Director, Food and Bioprocessing
Bev Yee, Deputy Minister

10 a.m. Tuesday, November 15, 2016

[Mr. Sucha in the chair]

The Chair: Good morning, everyone. I'd like to call this meeting to order. Welcome to members, staff, guests in attendance for the meeting of the Standing Committee on Alberta's Economic Future.

First, I'd like to take the time to recognize that this meeting is commencing on the traditional land of Treaty 6.

My name is Graham Sucha. I'm the MLA for Calgary-Shaw and the committee chair. I would ask that members and those joining us at the committee table introduce themselves for the record, and then I will call for those joining us via teleconference. I'll start with the member to my right.

Mr. Dach: Good morning. Lorne Dach, MLA for Edmonton-McClung.

Mrs. Schreiner: Good morning. Kim Schreiner, MLA for Red Deer-North.

Dr. Turner: Bob Turner, MLA, Edmonton-Whitemud.

Mr. Piquette: Colin Piquette, MLA for Athabasca-Sturgeon-Redwater.

Ms Fitzpatrick: Maria Fitzpatrick, MLA, Lethbridge-East

Mr. Carson: Good morning. Jon Carson, MLA for Edmonton-Meadowlark.

Mr. S. Anderson: Morning. Shaye Anderson. I'm the MLA for Leduc-Beaumont.

Mr. Taylor: Oh, good morning. It's over here now. MLA, Battle River-Wainwright, Wes Taylor. You caught me off guard. Sorry.

Mr. Hunter: Grant Hunter, MLA, Cardston-Taber-Warner. Good to see you today.

Ms Dotimas: Jeanette Dotimas, communications, LAO.

Dr. Amato: Sarah Amato, research officer, LAO.

Dr. Massolin: Good morning. Philip Massolin, manager of research and committee services.

Mr. Koenig: I'm Trafton Koenig, Parliamentary Counsel at the Legislative Assembly.

Mr. Roth: Good morning. Aaron Roth, committee clerk.

The Chair: Those on the phone.

Mr. Coolahan: Good morning. Craig Coolahan, MLA for Calgary-Klein.

Mr. Schneider: Good morning. Dave Schneider for the large riding of Little Bow.

The Chair: I would like to note for the record the following substitution: Dr. Turner for Member Connolly.

A few housekeeping items to address before we turn to the business at hand. The microphone consoles are operated by *Hansard* staff, so there's no need for members to touch them. Please keep cellphones, iPhones, BlackBerrys off the table as they may interfere with the audiofeed. Audio of the committee proceedings is streamed live on the Internet and recorded by *Hansard*. Audio

access and media transcripts are obtained via the Legislative Assembly website.

MLA Panda, if you'd like to introduce yourself for the record as well.

Mr. Panda: Yeah, sure. Good morning, everyone. This is Prasad Panda, MLA for Calgary-Foothills.

The Chair: MLA Gotfried, if you'd like to introduce yourself for the record.

Mr. Gotfried: Sure. Richard Gotfried, MLA, Calgary-Fish Creek.

The Chair: Excellent. Thank you.

Now we're moving to the approval of the agenda. Up next is the approval of the agenda. Would any members like to approve this agenda?

Mr. Carson: I so move, Mr. Chair.

The Chair: All right. Moved by Member Carson that the agenda for the November 15, 2016, meeting of the Standing Committee on Alberta's Economic Future be adopted as circulated. All those in favour, please say aye. All those opposed, please say no. On the phones? That motion is carried.

All right. Approval of the meeting minutes. We have the minutes from our last meeting. Are there any errors or omissions to note? If not, would a member move the adoption of the minutes, please. Moved by MLA Carson that the minutes for the October 20, 2016, meeting of the Standing Committee on Alberta's Economic Future be adopted as circulated. All those in favour, please say aye. All those opposed, please say no. On the phones? Excellent. That motion is carried.

Moving on to the technical briefing, hon. members, at the October 20, 2016, meeting the committee asked for technical briefings from the ministries of Agriculture and Forestry and Economic Development and Trade in relation to the inquiry into growing Alberta's agrifood and agribusiness sector. Today we have Ms Bev Yee, deputy minister, and Mr. Ken Gossen, executive director of the food and bioprocessing branch from the Ministry of Agriculture and Forestry and Ms Cynthia Farmer, assistant deputy minister from the Ministry of Economic Development and Trade.

Before we hear from our guests, I'm going to begin with a quick overview of the formats for today's technical briefing portions of the meeting. Each presenter will have 15 minutes to speak, and following all presentations on the panel I will open the floor to questions from committee members. Members, I will follow our usual practice of alternating between opposition and government members, and I would suggest that members keep their questions to one plus one supplemental each round. Members can be added back onto the speaking list if they wish. For members who are on the phone line, if you could please send an e-mail to the committee clerk, Aaron Roth, if you wish to be added on the speakers list, knowing the number of people that we do have on the phone as well.

I would now introduce Ms Farmer to begin with her presentation.

Ms Farmer: Just for a clarification, so we'll do the presentations – I'll do mine, Bev – and then we'll do questions? Is that the format we've agreed to?

The Chair: That is correct, yeah.

Ms Farmer: Great. Thank you. Just making sure.

Thank you very much for your kind invitation to come today. I'm very pleased to be here to give you a bit of an update on growth and diversification in agrifood and agribusiness in Alberta. I am from Economic Development and Trade, and my division is economic development, trade, and SMEs, small and medium enterprises.

As you know, Alberta has one of the most productive agricultural economies, with a total farm area of 50.5 million acres and 20.4 million hectares. In 2015 farm cash receipts for Alberta totalled \$13.6 billion, representing 23 per cent of Canada's primary agriculture production. Alberta is the largest beef-producing province in Canada, with Alberta cattle and calf inventories accounting for 40.7 per cent of the national herd. In 2014 Alberta represented almost 20 per cent of the total Canadian agrifood exports, amounting to \$9.7 billion. Greater diversity within Alberta's economy would help to ease the current economic turmoil with a larger and greater variety of farm products and value-added foods for export, which hold enormous potential to move us in that direction.

The food-processing sector is Alberta's second-largest manufacturing sector. Among the 10 largest manufacturing sectors food processing registered the largest 10-year gain, with revenues growing from 53 per cent between 2005 and 2015, to \$13.6 billion. Manufacturing industries employed 139,900 Albertans in 2015. Among food industries meat production industries employed the largest number of Albertans, 10,800, or 43.9 per cent. For the second consecutive year the province's largest food-processing segment of meat products industries, including poultry, reported substantial growth, with 28.6 per cent, to \$7.7 billion, in 2015. Meat product industries accounted for 56.2 per cent of the total food sales. Alberta's second-largest food segment was grain and oilseed milling, at \$1.6 billion, or 11.9 per cent of food sales, down 5.9 per cent from 2014.

The agriculture and food industry in Alberta is export oriented. Alberta is the third-largest exporter of primary and processed agriculture and food products, agrifoods, in Canada. For Alberta companies the benefits of exporting are many, including increased profits in sales, increased size and scope of their businesses, and increased security as a result of spreading risks over a variety of markets where our primary agriculture products go.

Primary agriculture includes wheat, seeds, oats, corn, animals, eggs, fruit, and vegetables, among other things. The United States is the top of the list, with over \$1.2 billion worth, or 24 per cent, of our primary agricultural exports. Within the U.S. California is the larger buyer of our food, \$857 million. Following not too far behind is China, with almost \$950 million; Japan, with over \$600 million; and then Mexico, with almost \$350 million. Total primary agricultural exports were valued at approximately \$5.3 billion in 2015.

Here you can see where our processed foods and beverages go outside of Canada. This includes animal feed, oil like rapeseed, milk, flour, beer, and meat products. Our top markets are the U.S., China, Japan, South Korea, Mexico, and Hong Kong. Our total exports of food, animal feed, and beverages were worth \$4.6 billion in 2015.

10:10

This slide highlights our main export destinations for chemical manufacturing products relevant to the agricultural industry such as fertilizers, pesticides, and ammonia. The United States, as you can see, is overwhelmingly our largest export market, with sales reaching \$1.2 billion, or 98 per cent, of our exports.

I want to highlight machinery here as it specifically relates to machinery for agriculture purposes; for example, machinery for soil preparation, harvesting, dairy, fruits, pressing mills, and tractors.

The total global exports for Alberta was only \$91 million in 2015. Considering the individual costs of these assets, we can easily conclude that there is a lot of room for growth in this area.

Some of the consideration for agrifoods is really our competitiveness, and some of the challenges in terms of competitiveness for us: volatility in commodity markets; really, transportation logistics, market access, rail imports; climate change, and that deals with droughts, floods, water availability; and trade barriers and sector protection.

Some of the opportunity that we have in the agrifood sector is really the low Canadian dollar. Food processing is benefiting from a weak Canadian dollar as exports are increasing. New technologies and innovations, smart agriculture will be addressed in the upcoming slide. New trade agreements such as the competitiveness economic trade agreement with Europe, CETA, and the trans-Pacific partnership will increase and expand our exports of a wide variety of agriculture and agrifood products. The Alberta Beef Producers estimate the CETA will generate \$600 million in revenue. The emerging middle class in less developed countries is spurring an increase for the demand of healthy food, alternative sources of animal protein, and consumer-oriented, value-added agrifood products.

Industrial agriculture such as bioenergy fuels, which are supported through the recently extended bioenergy producers program, which will allocate \$60 million in funding over 18 months – retroactive to April 1, 2016, \$40 million will be allocated between April 1, 2016, and March 31, 2017, and \$20 million will be allocated between April 1, 2017, and September 2017.

And, of course, research and innovation. According to Stats Canada, Alberta accounted for 3 per cent of the national agriculture R and D spending in 2012. Ontario and Quebec accounted for 37 and 29 per cent respectively. So the Canada Grains Council is advocating for a facilitation of greater collaboration among public- and private-sector research partners.

Future opportunities and innovations. Over many years Alberta has invested hundreds of millions of dollars through Alberta Innovates and other groups to develop, scale up, and deploy leading-edge technologies in processing, targeting growth and prosperity within Alberta's agriculture, agrifood, and emerging technologies. The Alberta government will also provide support to industry through a \$10 million expansion to the Leduc Agrivalue Processing Business Incubator and \$70 million earmarked for the capital investment tax credit, which will be providing tax credits to acquisitions of new and used property in agriculture for processing.

Investment opportunities included in the areas include efficiency and enhanced environmental performance, DNA analysis and bioengineering, development of functional foods, stress- and disease-resistant crops, bioindustrial technologies, ecosystem tracking and predictive analytics, water and waste-water management, and biodiversity monitoring and management.

Our role at EDT in supporting the agriculture sector is advocating for trade policy. EDT advocates Alberta's interest in trade agreements and challenges. EDT's trade policy staff also assist in evaluating proposals as they are developed for potential trade policy concerns.

Access to capital. The capital investment tax credit and the Alberta investor tax credit will launch in 2017. Legislation to enable these tax credits was introduced in the House on November 8, 2016. The Alberta Enterprise Corporation received \$75 million over two years to invest in projects that have a track record of success, strong global networks, and a demonstrated commitment to the province.

The small-business adviser program is a service unique to Alberta that has provided one-on-one guidance to more than 2,000 small businesses since its launch in 2014. There's a website for

people to go to with one-stop shopping for information and links to small-business programs, projects, and resources. Also, we have rural Alberta business centres, and the centres provide advice and information to rural entrepreneurs and small businesses. The four sites are located in Camrose, Cold Lake, Hanna, and Rocky Mountain House.

Investment attraction and support for exporting. The new invest Alberta, a one-stop shop for potential investors, is one of our programs. The Alberta export expansion package supports Alberta businesses looking to enter new international markets. The package will provide up to \$9 million in funding a year over three years between three programs: the export support fund, the global buyers/investors program, and the export readiness program.

Economic development. EDT supports regional economic development through its staff and regional offices throughout the province. As I've mentioned, in the past 12 months the REDAs, the regional economic development staff, in Lethbridge have assisted and co-ordinated a total of 11 major projects; \$5 million plus investment inquiries in the regions have all been in the agrifood and processing sector. As part of the northern Alberta bioindustrial cluster strategy, \$45,000 has been provided to the Mackenzie Applied Research Association to conduct a biofibre feasibility and market study in northern Alberta, with a focus on Mackenzie county.

EDT also supports the biomass mapping project, which has been completed for Sundre, Lethbridge, Whitecourt, and Drayton Valley, and phase 2 in the bioindustry market study of global demands for products, new technologies, and Alberta's competitive advantage.

That just provides you an overview of Economic Development and Trade's viewpoint in terms of agrifood and agribusiness and some of the roles that we play.

I'll pass it to my colleague Bev.

Ms Yee: Well, thank you very much, Cynthia, for that overview and that context. It's my pleasure to be here this morning to present to you Agriculture and Forestry's perspective on both economic growth and diversification, focusing on those three areas that you had specifically requested: value-added production, looking at small-business opportunities, and also local food production and promotion.

Cynthia had also characterized Alberta's economy as undergoing some challenges, but in light of all that both the agriculture and forestry sectors have been doing relatively well. I might add that I'm going to make some references to forestry because there are some linkages that cross over, but the primary focus will be on the agriculture side of things. Even in light of the fact that both our ag and forestry sectors are doing relatively well economically, we have to be vigilant and make sure that we've got strategies to address the ongoing and emerging challenges to both those sectors, and I'll speak to some of those challenges a little bit later on in the presentation.

The presentation is broken up into three sections. First, I'll just supplement a little bit of the background that Cynthia has already characterized. Then, secondly, I'll go specifically into those three topic areas that you had requested, and then I want to highlight some of the challenges and opportunities and sort of wrap up the presentation with a summary of how we're currently tackling some of those kinds of things.

Just by means of context, I did want to just share with you that the role that the ministry plays as regulator and enabler is critically important to being able to further the economic growth and diversification of these two sectors. First, as regulator our role is to make sure that we've got policies and regulatory frameworks to govern the industry. The reason that that is important is that this is

all about consumers buying our products. Consumers want the assurance that the kinds of management practices we have in place are credible and good. They want to know that the quality and safety of their food are good. So confidence in our policies and confidence in our regulatory frameworks is particularly important in terms of, even in the international market, knowing that we have those kinds of robust frameworks.

Secondly, in order to ensure that these sectors succeed in the marketplace, there is an enabling role that the department plays through some of the programs and services that we offer, everything from research and development, which has been referenced by Cynthia as well, to extension and knowledge transfer to our producers to be sure that they are keeping in line with technology and where things are moving.

10:20

Investment attraction and business development is another area where we have programs and services, then in assisting and providing assistance in product development and getting access to markets, and then further developing that market to receive those products. Those dual roles are particularly important to ensure that we have success in the value-added sector.

Again, further to the statistics that Cynthia has shared, I thought I'd give you this summary of the key economic indicators because they really help to understand the kinds of challenges we face in growing this area. Firstly, I think it's good news that the agriculture and forestry sectors make a significant contribution to Alberta's economy. The first line there is the contribution to GDP, and the agrifood industry accounted for \$5.4 billion in 2015. I might note that of that \$5.4 billion, \$3.1 billion was in primary production, and then the remainder of that \$2.3 billion was in value-added processing. That's the area we want to grow. We want to grow that value-added processing. I've also noted there that forestry's contribution to GDP is \$2.6 billion.

Now, both sectors are export oriented, but because we have a relatively small domestic consumer base, when we look at exports, exports are a good indicator of how strong and how well our agrifood market is doing. Strong export performance will usually translate into a strong GDP contribution. It will also be a good indicator of how successful we are at diversifying that sector and also a good indicator of job creation.

I've also referenced employment there. Agrifood and forestry are significant employers. The total in the agriculture sector is 89,200 employees, and you see there how it's broken up between primary and manufacturing. Also, the forestry side employs 17,500 people. Those were statistics from 2015.

The final line there that I added in is just a reference to government support to help drive these industry sectors forward. There are two areas where government provides support. One, BRM, represents business risk management. This essentially is our financial programs, things that can help address when there are natural disasters, because we're so subject to weather conditions. I might note the number there, \$653 million, but over time that contribution from government has decreased. Part of that is that we're getting better prices for our products, and part of it is a higher threshold in order to receive support. That also is a positive indicator. That producers can withstand a higher threshold means that they're more robust and viable.

Under the Strategic line, these are programs that we fund to enable good food safety. This is important not only in the domestic market but in international markets. I just returned from a trade mission to China, and the number one thing I heard in terms of confidence in Canadian and Alberta products was quality and food safety. They have confidence in our food safety programs, and

when you compare it to the confidence Chinese consumers have in their own country's food safety, they don't have that confidence. So that's a huge opportunity for us, and we need to not neglect making sure that our food safety is number one.

Other kinds of strategic programs are in business and market development. A lot of these are small and medium-sized businesses. Helping them understand how to get into the export market, how to properly develop products is really important. Those, again, are some of the things that we're funding in those areas.

The next slide: value-added agriprocessing opportunities. As Cynthia has referenced, food and beverage processing, I think, in 2015 ended up being the largest manufacturing industry. It slightly edged out petroleum and coal and chemical products in the province. In order of magnitude of that, meat processing was the first, the highest, grain and oilseeds came in second, and then dairy product manufacturing was third. But, as we said, this area has significant export orientation. In fact, 27 per cent of food and beverage production in Alberta is exported. Right now the U.S. remains the largest market for processed agrifood products. I think there is great desire by our industry here to diversify those markets and get out of primarily focusing on the U.S.

I added here bioindustrial processing because this is really a little bit of moving to the future, and this gets into making the best of some of what would be our residual materials or perceived as waste materials coming out of agriculture and forestry. Bioenergy is an obvious one. We actually have in Alberta 30 Alberta companies producing bioenergy, everything from biofuels, biogas pellets, and heat and electricity from biomass combustion.

The next one, renewable chemicals. This is producing green chemicals that are derived from agriculture and forestry biomass, and I think that one of the areas that is really starting to grow is the natural health products area. In fact, Alberta's cosmetic and natural health products sector consists of over 250 companies, representing about 15 to 20 per cent of what the national industry is. This is a growing opportunity for us, and it helps to make use of more of the kinds of products and residual products out of this sector.

Then the third, the biomaterials, is probably one of the more exciting areas. We've got abundant biomass resources, things like industrial hemp, flax, cereal straws, wood, and organic waste. One good example that I know I saw a demonstration of is a company called Synermulch. Traditional mulch comes from wood products, and this is making use of other kinds of natural fibres; flax, for example. This is then used to help do erosion control, improve the soil quality, and things like that, so really a growing area.

I thought I'd put this graph up to show you the growth of the ag industry in the last 10-year period. The top graph is total farm cash receipts, which would be representative of primary production. The 10-year trend is increasing. In fact, in 2015 we had a record year of \$13.6 billion in total farm cash receipts. The second graph, underneath, is total food and beverage manufacturing, so this is the value-added processing side of things. Again, in that 10-year period we see a significant increase there.

In terms of small-business opportunities, actually, the majority of Alberta's agricultural processing companies would fall into that category of small to medium size. In small to medium size – and you see it summarized in the table there – the small would be having one to 25 employees, 26 to 100 employees would constitute medium size, and over 100 would be large. In fact, two-thirds of our agriprocessing industry falls in that small-size category, hiring one to 25 employees. Then what I've summarized there, too, is how many of them are exporting. You see that the total number of companies is 474. Of that total, 165 of them are exporting. It's interesting to note, if you look at the small companies, that one-

third of them are export dependent whereas, in comparing that to the large companies, only a quarter are export dependent there.

I think, just to close off comment on here, a key to success for this sector, particularly for the small and medium-sized businesses, is being able to evolve to meet consumer demands. Consumer demands are changing. We saw this in China as well, with a greater focus on things like environment, ethics, health, and local food. People want to know where their food is produced. They would prefer it to be produced closer to them. They want to know what animal welfare practices are in place. All of those things matter and factor into it, and people are even prepared to pay a premium if they know that those things are all in place.

Another trend that we see happening is in terms of food preparation. Ready meals that can be prepared in 30 minutes or less is another area that is very much growing. Keeping attuned to those consumer trends and making sure that our industry is responsive to those trends is a significant key to their success.

10:30

In terms of local food production opportunities, the department defines local food as food that is grown, produced, or processed in Alberta and then distributed and sold in Alberta, again, just to underscore that being able to understand what the demands and trends are and being responsive to those demands and trends are critical to the success of this area. What we're finding is that there really is a growing demand for locally produced foods. People want to know the story behind that food, they want to know who produced it, and they want to know how it was produced and how sustainable that industry is.

Interestingly enough, we've got a program here in Alberta and in other places in the country and in the world called Localize. They provide shelf labels that will give a localized index, and that index is based on production of the food, where it's produced, so they score according to that. They score according to who owns the business: is it local ownership? They score based on: what is the source of ingredients? Then, are they participating in sustainability programs where there's a third party verifying things like: it's organic, it's third-party certified? To help consumers, because they're looking for those kinds of products, Localize provides a shelf labelling that gives that score and gives that kind of information to inform shoppers. I think that goes a long ways to help our local producers as well.

In terms of farmers' markets, then, the department manages and administers a program called the Alberta approved farmers' market program, and currently there are 129 approved farmers' markets, that are operating in 105 communities across the province. Each of those farmers' markets ranges from having anywhere from 10 vendors up to 180 vendors. [A timer sounded] We've recently launched an app – if you don't have it, I encourage you to download that app – to give people information.

I heard my time buzz, didn't I?

The Chair: Yeah. I hesitated to interrupt. I wanted to allow you to finish that sentence.

I'll now open it up to questions by committee members. As a reminder for those who are on the phone, please send an e-mail to committee clerk Aaron Roth if you have any questions in the queue.

Mr. Dach: Thank you very much to all the presenters. Fascinating information given to us this morning, and the major thing that jumped out at me was the incredible potential that still exists for our food production industry to grow its markets and the manufacturing, processing within Alberta. Of course, all other producers around the

world are hoping to do the same thing for their farmers and producers.

However, I wanted to ask a couple of specific questions that cause me a little bit of concern with respect to the employment decrease in food manufacturing. On slide 2 it indicated a 4 per cent employment decrease in food manufacturing and a 25 per cent employment decrease in crop and animal production. Can you speak to some of the issues in these sectors that have contributed to this drop?

Ms Yee: Yeah, I can make a comment. That's an interesting conundrum because in food manufacturing one of the things that we try to help producers and companies do is to get more automated, and as they get more automated, using newer technology, it means that they have less need for employees on-site. That's one of the contributing factors to it. As they want to grow their production, moving to further automation helps them, but then that means that they actually have less demand to have employees on-site.

Mr. Dach: Okay. And related to my opening comments about the tremendous potential that I see for our agricultural industry and the possibility of opening up new markets: what struck me was that we are quite reliant on a certain small number of markets for a majority of our exports. Slide 4 highlights Alberta's primary agriculture export partners: the U.S., China, Japan, and Mexico. What strategies is the ministry exploring to either increase exports in these markets or open access to new markets?

Ms Yee: We have quite a program to bring incoming delegations from other countries, and as well we have outgoing delegations. The reason for doing that is to bring in people who either potentially want to invest in agriculture and agrifood processing or want to purchase and buy products. We bring delegations in, introduce them to companies, introduce them to products.

Or we will send delegations out to events in order for them to promote their products. In fact, our trade mission to China and to Seoul was to do exactly that. We took 15 companies with us, and those 15 companies were able to show their wares, basically, allow people to sample, better understand them. That program is going to help. That's a core program of the department that will help to expand some of the markets.

I think the other that goes hand in hand with that, though, is working with the federal government to try to overcome some of the trade barriers. We can create all the interest we want, but if the trade barriers aren't removed, then that really is a limiting factor. On our beef side, you know, just coming back from China: really good news that our Alberta beef is very well received. We've got limits, though, on what we can export into the country. For example, right now we're hoping to get chilled beef into the country. Those trade barriers: that's where it has to be a multipronged strategy. We can create the interest, but then we need all of these other factors to fall in place.

If we're successful in growing it, then we need to be able to support our small and medium businesses to grow along with that. Some of them, you know, just capacitywise, have a limit to the capacity that they can deliver on.

The Chair: MLA Taylor.

Mr. Taylor: Thank you. I have to ask you kind of a question here on the future opportunities slide that you have. It talks about basically preserving and protecting the water, and with a drop – I have to go now and I have to go ask about the part of Empress. In Empress, Alberta, they had done a study several years back trying

to find out the feasibility of being able to put a dam – the Meridian dam, I believe it was – in that area. Now, with the lower cost of materials and labour that's out there now, is this feasible at this present time?

Ms Yee: I'm unable to comment on that. I think the feasibility of that is probably better directed to Environment and Parks right now.

But I can comment on the access-to-water issue. I think that the province's water for life strategy has set a target to increase water use efficiency by 30 per cent. That has actually allowed us, for example, to increase the irrigated acres through finding efficiencies and using newer technology to do that. Access to water – you're quite right – will continue to be an issue for some of these sectors, and I think that over time we will have to continue to look at that. There are other things, where we look at the kinds of crops that are grown – can we grow crops that require less water? – and things like that as well.

On the Meridian dam, we can get an update for you on the status of that and whether it's more or less feasible now, but I don't have that information right now.

Mr. Taylor: Can I ask a bit of a follow-up question? With the irrigated acres you talked about and trying to be wise with that: I know that one of the members has talked about trying to get water to the special areas, in particular around Hanna, Stettler, you know, over in that area, in the special areas, where he's from. Are there any plans for doing something with that?

Ms Yee: I think that that work is still under way. I think most recently there was a study to look at kind of the range of options in order to get more water there. That's still ongoing right now.

Mr. Taylor: Okay. Thank you.

The Chair: MLA Piquette.

Mr. Piquette: Yeah. I'm just wondering if it would be possible – I would very much like to hear the rest of Ms Yee's presentation, actually. Is there a way we could extend the time for her presentation? Is there a motion or . . .

The Chair: I apologize for the question: how much is remaining in the presentation?

Ms Yee: Not that much longer. We can go for a certain amount of time, whatever fits the committee.

The Chair: Sure.

Are there any committee members who are opposed to hearing the remainder of the presentation? On the phone?

Okay. Please proceed, Ms Yee.

10:40

Ms Yee: Yeah. On the slide, then: farmers' markets are a huge opportunity.

Greenhouses are another because right now we import a lot of vegetables to have fresh vegetables. We have a growing and very successful greenhouse industry in southern Alberta. Right now we've seen significant growth. Approximately 50 acres will be on board in 2016-17. I think that if we can continue to build on that, then that would also help to replace our need for importing vegetables.

In terms of organic, the organic industry in Canada is \$4.7 billion and in fact the fifth-largest in the world and continues to grow at double-digit rates. I think our challenge here is credibility for that label "organic." So this is where government comes into it – right?

– for some of the regulatory things and what we can help on in order to give confidence to the industry so that it can continue to grow.

Now, I did want to make one comment, that those three areas that you asked me to speak to – the value-added processing, the small agribusiness, and the local food production – aren't necessarily distinct from one another. There's lots of overlap there. In fact, any given value-added processing company could be small in size and locally oriented.

So the kinds of challenges – and I just want to run through these four here very quickly – are cost competitiveness and availability of input and things like labour, having skilled and unskilled labour, access to that. Recently it hasn't been too bad a situation for our industry. Because of the economic downturn people are looking for other work. Energy costs could be significant. I think of the greenhouse sector in particular, their energy use. I know that we've been spoken to a lot by the greenhouse sector, as we implement our climate change policy, in terms of concerns about the impact on that sector. Access to water was mentioned already. All those kinds of availability of input things.

Financial: access to capital. To start up in this area of value-added processing takes a lot more capital than it does in primary production. We're looking now at: how do we help to support that access to capital in a timely way? Sometimes the early stages, the start-up stages take some time, take some investment. Helping companies access that kind of resource is important.

Start-up challenges. A lot of this product development could take up to 10 years, to develop a product and get it to commercialization. It could be a 10-year time frame. And then for the small and medium-sized companies, as I said, to access bigger and bigger markets: we talked about opportunities in other places, the greater distances – that costs more – all those kinds of things. We need to help our industry scale up appropriately.

And then regulatory. As I mentioned, the natural health products: Health Canada, our federal government, just as an example of regulatory challenges, are looking at, potentially, regulations that govern natural health products and cosmetics and putting them in the same category as nonprescription drugs. That could mean some changes and some additional regulatory burden.

In terms of government program support, then, Cynthia already mentioned the Leduc food processing centre. That's where Ken works. We also have the Agrivalve Processing Business Incubator. The Leduc Food Processing Development Centre has had huge success. It helps approximately 100 companies in a year. In that centre we've got food scientists, we've got facilities, and we can help people develop their product. The business incubator side of it helps them transition from a new product through to commercialization, helps them learn how to launch into the market, how to deal with growth in sales, and things like that. We've had lots of success there, and the \$10 million expansion to that facility is going to help even further. I think we've had people ask, "Can we develop another centre like that in southern Alberta?" as they get excited about the opportunities.

In terms of business and market development: some of this I referenced in some of the questions already. We have outgoing and incoming missions to look at foreign investment as well as foreign buyers. We do provide one-on-one coaching for new entrepreneurs as they get into this business.

In terms of investment attraction and access to capital, we've got good success. We've got the AFSC, the Agriculture Financial Services Corporation, that provides short-term and long-term loans at reasonable rates for agriprocessing businesses. I think we need to continue to look at, as we transition more to growing the agrifood processing, the kinds of capital needs they have being different than

primary production, so we have to shift our thinking and look at different kinds of programs.

I already mentioned food safety. Through the Alberta Food Processors Association we provide training courses and workshops for companies. They offer hazard analysis so that the small and medium-size companies can get a better understanding. We need to stay number one as far as food safety goes.

Then we've got a host of grant programs that we offer through the program called Growing Forward 2. This is a joint federal-provincial funding program that we leverage off. For things like agriprocessing automation and efficiency companies can get grants to help them introduce new processing equipment that will create efficiencies. Another example is business management skills development – there are grant dollars available to help with that – and livestock welfare processing. So there are a number of programs that are well subscribed to that have really helped to boost our industry. We're currently in negotiation with the federal government for the next five-year program. Our success in that is going to be critical for our industry, so we're very keen on that as well.

Then our sector growth and diversification strategy. Really, I wanted to point out that it takes a number of strategies working together to help agrifood processing be successful. It's access to capital and investment support. It's increasing value-added and new product development, the research and development that help to do that, helping them get to commercialization; enhancing market development and investment attraction; investment in infrastructure and facility development – part of that is Leduc; part of that is irrigation infrastructure – and investment in research and innovation.

No one of these strategies – if we invested all our efforts into just developing one of those strategies, we couldn't be successful in growing the industry. We actually need to move on all five of these prongs at the same time, and that really is the message, that if we don't go all five at the same time, our industry is at risk of not really growing.

In the interest of time, I'm going to go to the last slide because the last slide really summarizes what I'm trying to describe. In the left-hand column are those five strategies that I talked about. In the department we've got ongoing foundational activities that support all five of those strategies, everything from the work that we do on food safety to animal and crop health; to our Food Processing Development Centre in Leduc; to the trade missions that we strategically target; to the work that we do with the federal government to ensure that we've got good transportation systems and that we've got good trade agreements that get rid of some of the trade barriers; to our AFSC corporation, that provides assistance, financial assistance to our producers; to the things that we do around social licence, making progress on climate change, demonstrating that we're good stewards of our water and our land, because those become important to consumers; and then our crop and livestock research.

Really, my message here is that those two left-hand columns are particularly critical. Only when we succeed in that can we start to populate some of the bigger projects down the road. In our short-term actions a lot of that is about: you look at increasing the AFSC loan limit, renewing the AFSC beginning farmer rebate. We've already moved on the feeder association loan guarantee. All of those kinds of things are to ensure that companies have access, good access, to capital.

Those kinds of actions, then, allow us to move into the more medium term, the long term. Some of the medium term, long term on the forestry side I'll give a plug for: developing an aspen strategy. As China grows and has a growing middle class, not only

do they want our food products; they also want our wood products for construction, for furniture, for home construction, so our oriented strandboard panels become a desired product. Aspen is underutilized here in Alberta. We think that we can work with China to develop an aspen strategy where they might be the buyers of that.

I think I'll close with that, but it really is putting the focus on those two left-hand columns in order to be able to successfully grow the industry. Thank you very much.

10:50

The Chair: All right. Going back to questions, MLA Hunter.

Mr. Hunter: Thank you, Mr. Chairman, and thank you very much for these presentations. It was very good, and I appreciate the information.

Ms Yee, I'd like to go back to one of your comments about one of the barriers or challenges that we're facing. You talked about cost competitiveness. Have you done an economic impact study of the carbon tax on the greenhouse industry, and if so, can you present that to the committee so that we can understand what their concerns are? How are you going to mitigate that? Are you going to provide them with a tax incentive, a grant, or something in lieu of? How are you going to approach that?

Ms Yee: Yeah. We ourselves haven't done a study. We've actually encouraged the industry to do some of the analysis because they understand sort of the inputs and outputs best, and we're working with Environment and Parks and the climate change office to look at how we can best address supporting the industry. I think that not only with greenhouses but with other agriculture sectors that are facing the climate levy, really, the key is this transformation to doing business a different way. So how can we support making that transition? It was recently announced that we have the farm energy efficiency program, that is injecting some additional dollars to an existing program that we have that would allow all of those sectors to become more energy efficient. That would help to reduce the impact of the levy.

We've encouraged the industry to work with us because they've got the detailed analysis on inputs and outputs, and I think they'll bring back some detailed analysis to us as we start to think about: what are the other ways that we can help them transition and be competitive? I think the industry understands that Albertan companies demonstrating that we care about climate change and that we're responsive to climate change as well as other environmental issues helps us in the market because if we don't do that, then our products aren't well received. The challenge is that not all jurisdictions are moving at the same time, so that affects their competitiveness. Those are some of the strategies that we're looking at to try to help them deal with it.

Mr. Hunter: A follow-up question, Mr. Chair. I appreciate that comment. So from what you're telling me, there will be a capital injection from the climate leadership plan that will allow them to be able to retrofit their greenhouses with a different kind of technology, maybe a type of heating, solar, or whatever. Is that what you're saying?

Ms Yee: There already is an energy efficiency program that they can tap into. I think part of what the industry is telling us is that in some cases for some parts of that industry they're already sort of utilizing the best technology, or they feel they are, so I think about any research and development that we can do to help understand how they can further do that. We're looking at: are there other options to help to minimize the impact of the climate levy and help

them to be more competitive? There already is a funding program that we have in place that they can access. I think part of their challenge that they're telling us is that they feel that some of their sectors already implemented what they think is already best practice. I think there might be some more innovation work to do – I'm looking at my colleague from Economic Development and Trade – to see, you know, sort of what the next generation greenhouse looks like in terms of the future and to drive that ahead.

Mr. Hunter: Thank you.

Mr. Piquette: I guess, just first, I have a clarification question for Ms Yee. Looking at the key economic indicators for 2015, I've got \$5.4 billion in GDP for agriculture, \$2.6 billion for forestry, and then I have twice that much for exports? Am I dense? Am I missing something here?

Ms Yee: Yeah. GDP is an index – right? – and exports there are actually total in terms of sales. The index is a measure of the value of economic output. It's an index, so it gives you a sense of how it compares to other sectors whereas the exports give you what our total sales were. It's not an index.

Mr. Piquette: I see. Okay.

A follow-up question on that: what percentage of that – maybe just break it out – is actually within the Canadian market as opposed to foreign exports? Do we have an idea, like, to other provinces in particular? Is there a breakout for that?

Ms Yee: In terms of how much of our product goes . . .

Mr. Piquette: I mean, when you look into export totals, is that foreign exports, or are those exports to other provinces?

Ms Yee: That is foreign exports.

Mr. Piquette: Okay. How much trade do we do with other provinces?

Ms Yee: It depends on the product. We could get you some of that data if you're interested. It would kind of depend on the product.

Mr. Piquette: Okay. That's all.

The Chair: MLA Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. I wanted to give kudos, obviously, to the two DMs there. There's some great work being done in both economic development and agriculture, which I think are key to our growing diversified industries.

I guess I've got a couple of questions. I know that you've done some great work, obviously, with the Chinese markets, which I applaud. What I want to question you on or ask you about is with respect to both secondary markets and high-potential markets within the Asia-Pacific region and also some of the products that maybe are not considered quite so mainstream as well. I'm thinking of markets like Taiwan, the Philippines, Thailand, and Indonesia and the fact that we know that things like beef tendon are very popular in those markets, which is, last time I checked, not a product that we're barbecuing a lot here in Alberta. Maybe you could just comment on some of those that may be considered secondary markets as we focus so much on the shiny penny that is China.

Ms Yee: Thank you very much. That's an excellent question. We've been looking very carefully at the trans-Pacific partnership as a potential vehicle to open up those markets for us. As I said

earlier, it is the trade barriers that get in our way. Now, that being said, that doesn't get in the way of us – you know, the trans-Pacific partnership is a large conglomerate trade agreement. That doesn't take away from the fact that if we see some opportunities for other markets, we can look at bilateral agreements as well. I think that, certainly given, you know, sort of what's happened in the U.S. and the position that the current President-elect takes on TPP and as we continue our analysis of TPP, we need to keep in mind other ways that we can overcome some of the trade barriers.

But you're quite right about beef tendon. I have to tell you that when I was in Shanghai at the food and hospitality show, I took a picture of a poster of a whole bunch of other things in addition to beef tendon, some that I didn't even recognize the name of. I had to google to find out what some of them were. Some were, like, the third stomach of ruminants.

You're quite right. There are huge markets for those other products that we don't use here in our domestic market, and I think that's part of some of the innovative ideas we want to pursue, and there are companies wanting to pursue that as well. It's a matter of helping support them to do that but also, then, working with our federal counterparts to look at how we can break down some of the trade barriers.

You're quite right. There are other markets that we're interested in looking at for these other kinds of products. Beef tendon: I actually kind of like it. You can have it in Vietnamese noodles, and it's really good.

The Chair: Do you have a follow-up, Mr. Gotfried? Go ahead.

Mr. Gotfried: Yes. Thank you, Mr. Chair. Thank you for that. I just wanted to follow up on that same line of questioning. You and I chatted about it briefly at agriculture for life, and I apologize for not having followed up.

There's been some recent outreach from the Taiwanese economic office. As I understand it, their market has just recently reopened for Alberta beef products, and they seem very keen on, again, accessing beef tendon, which is, again, one of the delicacies and staples, I think, in their food there. Can you tell me if you've had any engagement or interaction with the Taiwanese economic office, because, of course, they do not have an official embassy in Canada, with respect to opportunities to strengthen or reopen that market? I understand that we have a very small percentage, and there's some good potential in that particular market.

Ms Yee: I have not directly from my office, but certainly I think we had chatted that we're willing to take a look at engaging with them. I would have to follow up with our staff to see if at a staff level there have been any engagements.

Mr. Gotfried: Thank you.

The Chair: MLA Schreiner.

11:00

Mrs. Schreiner: Thank you, Mr. Chair. First of all, I'd like to thank you very much for your presentations. I found them very educational and valuable. One of the slides – and I'm sorry; I didn't write down the number of it – the agriculture processing companies by size: you spoke of one to 25 employees, exporting approximately a third of their product; 26 to 100 employees, exporting approximately a half of their product; and over 100 employees, exporting approximately a quarter of their product. My question is: why does that number go down significantly with the over 100 employees?

Ms Yee: Yeah. Just to clarify, it's not that they're exporting 50 per cent or a quarter of their product; it's how many of those companies are exporting into other markets. I think that if you look at the over 100, too, those are larger companies.

This doesn't do a comparison. What's missing from this is: what is the volume of product that is actually going out, right? It could very well be that with the large companies, even though only 12 of them are exporting, the volume of product that goes out – and we haven't done a comparison of that here, so that's a good thing to point out. It would be worth our while to do an analysis to see how much product is going out.

I think one of the key messages in this slide, too, is the fact that there is such significant interest in, particularly, the small and medium sized in getting access to the export market. For us, that's important to know, but it's also a challenge for us because what we have found is that some of them lack the capacity to know how to deal with the export market. A lot of the companies that we're working with now in some of our trade missions would fall into the small to medium sized, and they've talked to us about capacity being the most important thing, that they need capacity to understand the market and then what they need to do to help get access to the market. So we will add that to that dimension to better understand volume of product.

Ken.

Mr. Gossen: Yeah. I'll just add one point in terms of: if you look at the third-largest industry in Alberta, it's dairy processing, and there's also poultry processing. Those are supply-managed companies, so they can't export, but they're large companies in terms of employees. That's the reason also why you'll see, you know, a smaller number of companies that can export. It's just because of how our industry is structured.

Mrs. Schreiner: Thank you for the clarification.

The Chair: MLA Panda.

Mr. Panda: Thank you, Mr. Chair, and thank you to both the presenters. It's great information here.

I have a couple of questions. My first one is to ADM Farmer. You mentioned somewhere in your presentation Mackenzie county, and I happened to travel in that region recently, particularly around the La Crête area. Many of the people I met there said that they have very fertile lands around that area and that they can grow, actually, premium-priced crops there in that region, but they were looking for Crown land to be cleared of forest so they can develop agricultural fields there. Is there any effort on the way to clear some of that Crown land?

Ms Farmer: I can't speak as far as an initiative to clear farmland. Is it forestry land? I can't speak to that directly. We can follow up.

Ms Yee: Did you say Mackenzie county? Is that what you said?

Mr. Panda: Right.

Ms Farmer: We can have Bev follow up. We can have Bev follow up happily on this one. I'm sorry; I can't – the comment that I made was in terms of: there was a research project that was done that focused on Mackenzie county, you know, as far as the bioindustrial cluster strategy. It's a research study, an information, feasibility, and market study. I'm happy to share and to follow up with some information about the study for the committee if you'd like additional information on that also.

Mr. Panda: Sure. If one of you can get back to us, that will be great because they said that they can actually produce a premium product there in that region.

My other question, Mr. Chair, if I can follow up.

The Chair: Yeah. Ms Yee just had a follow-up to your earlier question.

Ms Yee: MLA Panda, the only thing I would comment is that we do have a program where we can do exchanges between public land and private land if there is, you know, land that might be more suitable for agriculture. In order to try to make sure that we maintain our good, prime agricultural lands, we do have a program to allow that kind of exchange. But I'll follow up specifically on this for you.

Mr. Panda: Thank you very much.

The Chair: All right. You can go ahead with your second one.

Mr. Panda: My next question. I also traveled in southern and central Alberta recently, and I heard that there is a lot of potential for hemp in that region. In fact, I met with the people from BioComposites in Drayton Valley, and they told me, you know, that they need access to higher quality hemp fibre even to fulfill their existing contracts that they have. Is there anything being done to upgrade the biofibre refinery in Vegreville so they can produce some high-quality fibres there?

Mr. Gossen: Yes. We're working very closely with that company. Like, we've got a large decortication facility in Vegreville, which he's talking about, where you can produce fibre for his process to produce automobile parts. We're working with him to increase his access so that as he's starting to demonstrate to the automobile industry that these products can be manufactured safely and meet their standards, as the orders come in, he can try and meet that supply from Alberta. We're working with the Vegreville facility in terms of increasing hours and access so that we can help him meet his demand as well as working on the agronomic practices as well as harvesting technology and equipment because hemp, once you start growing these larger plants, you know, tends to destroy our conventional combines. So we need to have better harvesting equipment to actually take it off the field.

There are some technical challenges to meeting that opportunity, but in my branch we have an area that's specifically working with them to actually support that industry because we see a domestic opportunity but also a huge opportunity in the Chinese marketplace – we are the largest producer of hemp in Canada – a huge opportunity there.

Mr. Panda: Thank you so much.

I have a follow-up on the same line. When I was in southern Alberta, some of these stakeholders mentioned that they're really concerned that the federal government may rather choose to import poppy crops. You mentioned, you know, low-water crops, and this is one of those. Poppy producers felt strongly about importing rather than growing locally for a pharmaceutical purpose. From our government, is there anything going on between us and the federal government to make sure that they get the licence to grow in Alberta?

Mr. Gossen: Yes. This government has commissioned a working group, which I am sitting on, to look at the Health Canada decision, that came down this summer, that we would not be able to grow poppies. We're trying to better understand that decision and see what next steps would be feasible and reasonable with the current

ruling, that's been made. So there's a crossministry working group to look at that very issue to see what our next steps will be.

The Chair: Excellent.

Mr. Panda: Thank you so much.

The Chair: For those at the table, just as a reminder, if there's any follow-up, if you could submit it through the committee clerk so all the committee members are able to see any of that as well.

Moving on, MLA Piquette.

Mr. Piquette: Thank you, Chair. Just back to the topic of local food production, I just wonder if you could maybe speak to – we talked sort of generally about some of the strategies to incent that. I guess, in particular, I'm just wondering, you know, what kind of work or thought has been given to financing options for some of these smaller operations. I know sometimes they have, for, like, the very small loans – there are some issues with accessing that.

Then another thing that hasn't been addressed, of course, is insurance. I know that the crop insurance programs that we have in place through AFSC sometimes don't seem to, you know, deal with maybe some of the market garden types of concerns.

I guess that's a few questions packed in there.

11:10

Ms Yee: Yeah. Well, maybe I'll speak first, and then I'll let Ken jump in with anything. On the insurance programs and on local foods I think there's a broader issue for us in terms of working with AFSC to look at, you know, where we are moving our industry to make sure that the kinds of products that they're making available suit where it is that we're moving the industry to. There's ongoing work that we're doing, working with AFSC, to review their programs to see if they continue to meet the needs of where our ag and agrifood processing industry is. I think that's important for us to do so that programs remain relevant to where it is that we want to grow the industry.

Mr. Gossen: Yeah. In terms of access to capital, you know, we're very fortunate to have AFSC because they are very active and proactive partners in working with small to medium-sized companies to provide them with lending and develop specific lending programs suitable to small processors because they do have unique challenges. They actually have developed those programs.

Then we also have support from the technology and business development side, facilities like Leduc, where we actually help them develop new products, help them understand the regulatory environment, you know, help them scale up, and then introduce them to buyers and intermediaries so that they can get their products into markets. There is quite a real good network of support for local because retailers are increasing their demand for local at the retail shelf. Then, also, the whole farmers' market opportunity is ready. There's a huge opportunity there.

Ms Farmer: Also, if I can add, just last week we at EDT and Minister Bilous introduced new legislation that introduces the capital investment tax credit and the Alberta investor tax credit, which will be available for applications. For the capital investment tax credit, manufacturing processes could be available and get some tax credit relief there as well as, with the Alberta investor tax credit, new products or services. So agrifoods could be looking at that from a new product or services point of view and get some assistance there. Those two are, I think, quite exciting as far as opportunities for business in Alberta to take advantage of some opportunities to grow.

Mr. Piquette: I have one supplemental.

The Chair: Go ahead.

Mr. Piquette: Well, that's encouraging, to hear that you're working on those different parts. You seem to be co-ordinating, actually, fairly well. I guess I wouldn't mind knowing just what type of employment gains, you know, assuming that we're successful in overcoming these obstacles, we might be able to expect. I guess, maybe, in other words: how much food do we import to Alberta? Like, how much of a domestic market could we access if we were more successful, which I'm sure we will be, in incenting local producers to fill that?

Mr. Gossen: Yeah. In terms of the actual, you know, how much we import, I don't have those numbers. But import replacement certainly is an opportunity, because the Canadian dollar helps us in terms of exporting, but then those imported products are more costly. So there is an opportunity right now to take advantage of import replacement. I think that's where these niche markets and these small to medium-sized companies – that's really what they're going after, trying to displace some of that imported product. In terms of, you know, how big that opportunity is, I mean, it's really hard to gauge at this stage, so I would have to do some research into that.

The Chair: MLA Hunter.

Mr. Hunter: Thank you, Mr. Chair. I just have a clarification on a term, and then I can ask my question after that. Ms Farmer, you talked about cluster development. What does that mean? I understand the concept of what cluster development would be in, say, real estate or in developing a neighbourhood, but what does it mean in this context?

Ms Farmer: Cluster development can mean different things depending on – you're right – the place that you stand and how you're looking for it and even, actually, from a different department. I think that for the purposes of the presentation it was a focused area of development, and how you support it in multilevel is different as far as companies coming together, as far as through a whole value chain, as far as from research to product to sale. So you could do it from a value change.

Cluster development also sometimes is just that region in terms of a regional cluster. The reason I add the whole value change is because some clusters on the research and the innovation side can be not necessarily regionally focused. In some areas the comments that I made in terms of some of the cluster development were more about a place-based cluster.

I will say that the federal government talks about clusters quite a bit, so we endeavour to understand their definition of cluster. So it's a good comment. For us it can mean two different things.

Mr. Hunter: Okay. Thank you.

My question is to Ms Yee. You talked a little bit about this in your opening statement and comments. The new President-elect down in the States has talked about protectionist measures. What are we doing? Are we creating a strategy or a plan to be able to mitigate the possibilities of protectionist measures? I mean, we export a lot of stuff to the States, obviously, as you can see with your presentation. This could be devastating to our economy, already in one of those perfect storms that we're facing here. What are we doing about it? What is the strategy, the plan behind being able to mitigate that?

Ms Yee: If I could use even softwood lumber as an example – I'll use a forestry example. You know, the prospect of whether or not we get an agreement soon with that kind of thinking behind that administration – we're turning our eyes to look at different markets. I think that that's the strategy. How can we develop some other markets, diversify our markets so that we're not so dependent on the U.S. market? I think in terms of how our internal discussions have been: how do we then strengthen our strategies to diversify markets? You'll see that in the medium term there are a lot, under the forestry parts of it, looking at wood charter – wood charter is to increase the use of wood in public buildings – as a start, more wood-based construction. We're reaching into China for some of that as well. Really, the key part of the strategy to address that is looking and diversifying in other markets.

The Chair: Excellent.

I have four more on the speakers list – and then I'm going to cut questions off – in the order of Anderson, Gotfried, Dach, and Panda. I'll move on to MLA Anderson.

Mr. S. Anderson: Thank you, Mr. Chair. Thank you for the presentations today. It's really exciting. It's something that I'm really passionate about and a lot of people in my area are, a lot of people around the province. Something I've been hearing since our committee put through that motion, from an ag conference to Farmfair to Chops and Crops with all kinds of producers: they are super excited about what's going on, very positive, and are really happy to be recognized for what they're doing and what they can do going forward. So thank you so much for giving us some of these stats. I mean, I'm excited about this. I'm going to try to get my questions out in a good way here.

Some of the opportunities – you know, you were talking, Ms Yee, about food safety and things in China and things like that. I talked to a gentleman from the port of Vancouver, and he said exactly the same thing, that that's a huge deal for our food here. They see an Alberta and Canada label and they want it right now. Do you see that in, for example, other areas? We're talking about our markets, the U.S. being our massive market. Do you see that in, say, I hear, India? Are they the same way in some of these other areas, you know, with a regulatory framework and looking at our food safety?

11:20

Ms Yee: I'll make a comment, and I'll let Ken comment as well. I think not as significantly as we're hearing from the Chinese. I think right now in terms of India and that market it really is that access to food is the greater one, and I think, you know, that's part of Alberta's opportunity to be a main player in feeding the world. I think that food safety plays out much more greatly in China than it does in India, in my experience. In fact, we met with Chinese brewers. They were here on a trip to look at barley in Canada. I spoke to a couple of the brewers, and they said that they're buying barley from Canada specifically for their premium beers and reserving it for premium beers, so even they are marketing their product that they're using our product for as premium because of the quality.

I don't know if you have anything to add to that.

Mr. Gossen: Yeah, just one thing. I think it comes – with China, it's trust. They don't trust their system, and that's why they're looking to Canada, because they trust our system. You know, China has had those devastating food safety issues where people have actually died because they couldn't trust their system whereas India – I agree with the deputy that it just simply is about affordability, food security. We are a supplier to India, so I don't want to say that

isn't an opportunity. That's why that is an opportunity. It's just, you know, that the tactic to approach it is different.

Mr. S. Anderson: Sure. Yeah, for sure. For India what I've heard for especially the pulses – huge opportunities, you know, and they're already exporting a lot to there.

My other one – Ken, I appreciate you being here, you know. It's close to my heart because it's down in Leduc, the food processing centre and agrifood and the incubator. I had the opportunity the first time to go and have a tour of it, and it was with a Chinese delegation that almost right away said, "How much?" We looked at them and said, "What do you mean?" They wanted to buy the place right now. They saw the opportunity, right? I mean, that's what we're dealing here with, right? Of course, we said: "Whoa, whoa, whoa. No. That's not happening." But it was neat to see, and it was really exciting for me to see, you know, how much other countries want our products.

But my question for you is, you know – we've discussed things before about kind of what's going on there and maybe some of the more exciting opportunities that you might have seen come through your doors or that you're allowed to talk about that you see coming down the pipe, I guess, that people are looking for through your facility because you mentioned something about southern Alberta wants to maybe try to get something like that. So, yeah, if there are just some opportunities you can maybe discuss or some exciting things you've heard that are possible.

Mr. Gossen: Sure.

Mr. S. Anderson: I mean, I like hemp, but we'll talk about that at another time. Thank you, MLA Panda, for bringing that up.

Mr. Gossen: No, we are working with a large hemp manufacturer that's investing in Leduc, and we're developing new food products, vegetable-based protein products out of hemp, so we see a huge opportunity for that. Actually, a really neat opportunity that we're seeing is the whole concept of flexitarians. That's not a vegetarian; but it's not a sole meat eater either. It's where you're trying to reduce your meat consumption on a weekly basis where you have maybe two or three days where all you eat is a vegetable-based diet – right? – or vegetarian-based diet. So we're seeing a lot of opportunity in pulses and cereal grains where we can extract higher value protein out of those products and produce vegetable-based protein substitutes. That's a huge opportunity.

The ethnic market. We're seeing a lot of interest from our companies in the ethnic market; also halal, kosher: all these new Canadians wanting, you know, foods that they just can't get, so that's a huge area of opportunity. We're seeing a lot of companies that are branching off, where they're coming to us, and we're developing their very ethnic product.

Those are just two really neat opportunities. I can't speak to companies because we sign confidentiality agreements with them, so I just have to be careful because when they're developing products, they don't want their name out there because: oh, I see what you're doing there. Yeah.

Mr. S. Anderson: For sure. Awesome. Thank you.

The Chair: Excellent.

MLA Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. Just have some questions, then, that probably follow very much on the immediate answer we just received. We are blessed to have some new recent air services, Hainan Airlines direct from China, and I know that there's a very

close connection between our economic development ministry and also our tourism industry. I'm just wondering if there are any discussions going on between economic development, agriculture, and tourism to take advantage of the opportunity to get some champions for our products through those incoming tourists from China and from other Asian markets, not necessarily on direct flights but that we perhaps identify some of the incoming and inbound markets, that we can perhaps give them an Alberta agriculture experience or, you know, find some ways to expose them or promote to them Alberta products, which then they can take back that messaging of the quality that we're able to deliver here, perhaps expand that and become our ambassadors in those markets to some degree, if there's any thoughts or conversations around that opportunity.

Ms Yee: We do have a deputy minister's committee on economic development, and Agriculture and Forestry sits on it. It's chaired by Economic Development and Trade. Culture and Tourism is there as well. We are looking at specific strategies. Interestingly enough, you know, I think there's a heightened awareness in China already of foods. In fact, one of the opportunities we participated in in this last mission was going to a cooking school in China and focusing and featuring, highlighting, Alberta beef. Interestingly enough – because we saw lots of use of Canadian beef and Alberta beef in Chinese recipes. This cooking school was focused on western cooking methodology, so what we participated in was how to cook a rib-eye steak, how to make a hamburger. The growing young people in that middle class are particularly interested.

I say that because it ties in to what you said about tourism. They also have an equally heightened awareness that fast food is not a good thing even though fast food has taken over China. They don't want to get the hamburger at McDonald's; they want to make their own hamburger at home. So I think some of the tourism to Canada already, you know – and maybe some of that is media as well and access to internet. There is already a heightened awareness, but I think it's a good idea that you've suggested.

We are having discussions at the deputy minister table on how, you know, we can become more innovative in some of the strategies and can we integrate our strategies across ministries as well. I think we're working hard to do that.

Mr. Gotfried: Thank you.

Ms Farmer: Sorry, if I could just comment also. I think with particularly the flights and the opportunities with China, when one area, one department, or one sector gets a foot in the door, I think right now we're looking across government about how we expand the opening of the door. So I think this is a really good example of economics, you know, as far as from flights, as far as from tourism, as far as from product awareness and exporting of product. It's a really nice chain that we've got going. There are quite a few conversations that are going on about how far we can expand that opening.

Mr. Gotfried: Thank you.

Mr. Chair, a quick follow-up question, please?

The Chair: Absolutely.

Mr. Gotfried: Thank you, Mr. Chair. That's good news, and it's good to hear that's a good possibility.

I guess the other side I always looked at is being Canada, you know, perhaps having smaller budgets to doing our promotion, it's very important that we find ways, and impactful ways, to make our presence known and to make noise when we're in these markets,

again, across multiple jurisdictions and ministries. I guess my other question is: are there any plans in place to leverage, let's say, our objectives to expand Alberta beef exports into some of these key markets? With tourism promotions – I spent 20 years in the airline and tourism business and a couple years in economic development – it's very tough to go to these markets and not make some big noise and go away with really any tangibles. So I'd like to just hear if there's some further collaboration with tourism to go and promote Alberta and Alberta products.

11:30

Ms Farmer: It's a good question. I think that we're trying to look at how we do and how we can continue to support our trade offices as far as those conversations. When companies go over to another country, what are those opportunities? Last week we were meeting with Culture, and they were talking about: how do we do some new marketing strategies with Travel Alberta and look, really, at marketing? Beyond just the mountains and the skiing, how do we tie into some other opportunities, actually, in the experience and coming to experience Alberta? The experience can be in the cooking. The experience can be as far as seeing, visiting a farm, learning about our greater province and what we have to offer. You know, in that vein, I think that talking to Culture and Tourism would be a good follow-up, but we are in those conversations.

Mr. Gotfried: Thank you.

The Chair: MLA Dach.

Mr. Dach: Thank you, Chair. I have a couple of questions regarding primary production. I could talk about the growth of our agricultural sector all day long. It's really exciting to know the prospects that are laid before us globally, partly due to, I believe, population growth and the opportunities that we have in increasing productivity here in Alberta to take advantage of the growing markets that we see globally.

I was wondering, though, about our percentage of global farmland supply. We hear different stories as to what's happening with the farmland supply, the supply of arable land globally. There are parts of the world where desertification is causing a minimization of farmland, yet in other parts of the same continent – Africa I speak about now – you see international, global, corporate syndicates buying up massive, massive tracts of land and corporately farming large areas in Africa, South America. I'm just wondering where in the global scale we are in Alberta with respect to our market share competitively of the global arable land mass as we see ourselves going forward. In terms of being able to take advantage of the growing population and higher demand for food, our land mass is obviously the foundation of that capability. Where will we be or where do you see us in this kaleidoscope of moving land mass? Where do we stack up in a longer term future?

Ms Yee: Maybe I'll make a comment. I don't know what the numbers are in terms of how we stack up, but from my observation in terms of density of population in some of these other countries, we've got an edge there because we just don't have the density of population.

The other thing is that in Alberta through our regional land-use planning processes there's a commitment to maintain agricultural lands and not to fragment them more, recognizing not just, you know, producing food for domestic use but primarily producing food for the world. I don't know what the numbers are, but I think that, just by observation, we stack up pretty good.

Mr. Dach: Okay. A quick follow-up with respect to land supply, and that has to do with the greater reliance that we're having now on irrigated crops throughout the province. I'm just wondering if we are aware of studies which show how we can mitigate the damage to that soil through salinization, as does take place with continued irrigation. Are we aware of the risks that we have with the salinization of that soil and how we protect that soil over the long term, keep it in stock?

Ms Yee: Yeah. The Alberta Irrigation Projects Association is very active on that. I think there's a commitment to make sure that, you know, we're preserving the quality of our soil so that we can continue to grow into the future. I know that they have participated in a lot of that work.

Mr. Gossen: There's a lot of technology that's going into irrigation, both from that perspective but also from just water preservation in terms of irrigation pivots and how it's deposited and where it's deposited, when it's deposited, all of that technology, even the use of drones and aerial surveillance and where to put nutrients. There's a lot of effort and research because we do recognize that without that, without our soil, without quality soil, you know, there goes your food supply, too.

Mr. Dach: Thank you for that.

The Chair: Finally, MLA Panda.

Mr. Panda: Thank you, Mr. Chair. I have a confession to make today, Mr. Chair, and I'm doing it at the risk of angering my Wildrose base. I don't personally consume red meat, but I and my family and friends consume a lot of Alberta's lentils and pulses and all. The MLA for Leduc-Beaumont talked about the Leduc food processing centre and how the world was going after it to steal that from us, and it's not only the overseas jurisdictions. Even when I traveled in southern Alberta, they were all saying: "Why does only Leduc have that processing centre? Why not in southern Alberta?" I mean, if the local MLA is willing to show off, I'm willing to take the tour with him of that great facility, and we all need to promote that.

Actually, MLA Gotfried talked about direct flights. We have direct flights to Shanghai. My question: how much of the food processed in this Leduc centre gets on these direct flights to Shanghai?

My other question is to the deputy minister. You know, there was talk about direct flights to Dubai. Emirates was thinking about that. I don't know when they were going to start that, but we're talking about promoting halal meat. There is lots of demand in the Middle East and in the Asian markets for halal meat, so if there's going to be a direct flight, I think we can take advantage of that by selling into the Middle East market. If someone can comment on that.

Thank you.

Mr. Gossen: Yes, that is a tremendous opportunity, that flight. Actually, with Air China, with the airport, with both the county and the city of Leduc, and with food suppliers we are working together to support those types of flights. It's amazing how much interest that garners. It all has to come down to costs, too, though, because air travel is a very expensive way to transport food products, especially dense food products like meat, for instance. It's easier and much cheaper to send it by container load.

You have to find the right opportunity, and we're actually working on a fish opportunity right now, fresh fish to China with Air China. There's a lot of opportunity.

I agree with you in terms of halal. Our facility is halal certified, so we can actually process and manufacture halal products, and we are working and manufacturing those products right now. That is a growing opportunity.

Mr. Panda: I was just joking about red meat.

Mr. Gossen: Well, it is the International Year of Pulses. Just as a shout-out, we're holding two workshops. We've been working extensively over the last six months in developing new pulse products, and we're holding workshops here in Edmonton and one in Calgary where we have over 100 industry participants looking at new products for pulses. So that's happening right now.

Mr. Panda: Thank you.

The Chair: Excellent. Thank you, Ms Lee, Ms Farmer, and Mr. Gossen, for your presentations this morning and for answering the committee's questions.

If a question is outstanding or if you wish to provide additional information, please forward it to the committee clerk by November 22. I would like to note for our guests here today that the transcript of today's meeting will be available on the Assembly website by the end of the week.

At your discretion, for the three of you, you are welcome to stay. However, you're not obliged as we'll be moving on to the other items on the agenda here as well.

With that being said, we're going to move on to presentation of the communications plan. The Legislative Assembly communications office has provided the committee with a draft communications plan, available on OurHouse, as per the request made at our October 20, 2016, meeting. This draft plan was provided to the committee members on the internal website last week.

I would like to ask Ms Dotimas and Ms Sorensen to offer any additional comments on the plan, and then I will open up the floor for questions from members. Please proceed.

11:40

Ms Dotimas: Rhonda Sorensen is the manager of communications, and I'm here in her stead. I am Jeanette Dotimas. Unfortunately, I don't have an actual presentation. I do know that the clerk for the committee had shared the information with the members, so I'm pleased to answer any questions if you have any.

Additionally, of course, the committee asked for a summary document regarding the last review that was done by the committee on the Personal Information Protection Act, so I'm also willing, of course, to answer questions, should you have any, based on those documents posted.

The Chair: I'll open it up for questions in relation to the communications plan. Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. I noticed on page 3 that "Target communications to agri-food and agribusiness sectors in Alberta" is part of the communications strategies. Included in the paid initiatives section, targeted advertisements total \$22,000. I'm just wondering: is this the only strategy in place to target this sector?

Ms Dotimas: Are you speaking of the paid initiatives under section 2?

Mrs. Schreiner: Yes.

Ms Dotimas: Okay. At this point, yes. Of course, we're open to feedback. Those are ones that I was able to research under online resources from either the information that was already available

through the agriculture ministry for Alberta as well as some contacts and resources at Agriculture Canada. These are the target markets that they recommended as well as, of course, looking at some of the media kits and information available from the publications themselves in terms of what their reach would be.

Mrs. Schreiner: Thank you.

I was just wondering: are there any other means of advertising with the target community that may provide more value while being equally successful?

Ms Dotimas: I just need a little bit of clarification. Sorry.

Mrs. Schreiner: I guess I was looking at – and I'm not sure what page this is on. When it comes to the radio advertising of \$15,000, I was just wondering if there is any other means of advertising with the target community that may provide more value while being equally successful.

Ms Dotimas: For the targeted advertising, if you will, those are specifically the ones that we looked at, which, I guess, again, target the agriculture industries, whether it's agribusiness or agrifood, as the study is requiring. Right now, if we looked at digital and print editions of those particular publications as well, that's sort of what I was looking at also. With the radio stations in particular, the information that's there is based on, again, the market that is already being reached out to at the moment, I believe, from the agriculture ministry website. There's a listing of all of those radio stations that target that industry. That's sort of the recommendation. We're certainly open to all of them at this point, of course. It's such a broad spectrum of information that's out there, and we chose these ones based on the most reach for the most value for the committee.

Mrs. Schreiner: Thank you.

The Chair: MLA Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. My comments here are actually just with respect to the workings of our committee, so I'm just going to be as short and sweet as I can on it, and I'm going to preface it by saying that I take equal responsibility for . . .

The Chair: Sorry to interject, Mr. Gotfried. Is this in relation to the communications plan?

Mr. Gotfried: No, it's not.

The Chair: Okay. Can I move this to other business, then?

Mr. Gotfried: Okay. Absolutely, you can. That's what I indicated to you in the e-mail . . .

The Chair: Oh, okay. Sorry. I don't think the e-mail got back to the clerk in time.

Are there any other questions in relation to the communications plan? Okay.

With that being said, hon. members, the committee has started receiving submissions from identified stakeholders in regard to this inquiry. Now that the committee has had an opportunity to review the requested plan and ask questions of LAO communications, it is time to consider whether we wish to actively seek public submissions as part of this inquiry. I will now open the floor for discussions on this matter.

Mr. Carson: I would like to put forward a motion that

we do solicit written submissions from the public in regard to our inquiry into growing Alberta's agrifood and agribusiness sectors with a submission deadline of January 15, 2017.

The Chair: All right. I will open up the floor for discussion on the motion at hand. Anyone on the phone wishing to speak to the motion on the floor?

Seeing none, Mr. Roth, if you can read it in for the record.

Mr. Roth: Certainly, Mr. Chair. Moved by Member Carson that the Standing Committee on Alberta's Economic Future solicit written submissions from the public in regard to its inquiry into growing Alberta's agrifood and agribusiness sectors with a submission deadline of January 15, 2017.

The Chair: Excellent. With that, all in favour, say aye. All opposed? On the phones? That motion is carried.

We will now move on to other business. I will open up with you, Mr. Gotfried, if you would like to go ahead.

Mr. Gotfried: Thank you, Mr. Chair. Again, I just wanted to preface this by saying that I take full responsibility for what I'm about to say. I just wanted to refer back to our 15 month or so deliberations on the PIPA legislation. I'm just going to say that I believe we've let Albertans down and some of the stakeholders down.

We took 36 written submissions, we had 12 oral presentations, we had a full page of recommendations from the office of information and privacy, and we also had some great work done by the staff with I believe 13 recommendations, or at least highlights of recommendations, and input on 13 issues. We ended up addressing one of those 13 issues and completely missed the opportunity to have discussion around the office of the Information and Privacy Commissioner's recommendations for some enhancements to this legislation, not to mention the time, valuable time, of the committee members and staff and the costs to taxpayers.

I just want to put it on record that I think we need to ensure that – I mean, we came out with a one-sentence recommendation that was pretty self-evident, in my estimation, from the beginning of our review, that we needed to more clearly define what commercial activity meant if we indeed were going to need to address that issue, subject to whether we were going to include or exclude nonprofit organizations from that going forward.

I just wanted to say that I think – I'm going to suggest that I believe we let Albertans down by not addressing some of the issues of data privacy we hear every day, of breaches of privacy from private organizations. The potential for that to occur with the nonprofit sector is real. Many of those organizations hold credit card data, personal information of every sort, and I would suggest that our objective and our responsibility in those deliberations was to protect the best interests of Albertans with respect to privacy and data privacy while considering the best interests of those sectors that could be affected by it. I think we were remiss in not addressing some of those in a more robust manner in our final deliberations.

So I just wanted to say that, you know, I think we need to take the objectives, going forward, with the current work we're doing in committee seriously, take the written and oral submissions and those from the ministries seriously, and that we need to ensure that we give due consideration to the work, hard work, being done by

our staff in terms of recommendations and by those significant organizations like the office of the Information and Privacy Commissioner when they submit recommendations for change.

I believe we let Albertans down. I believe I will take my full share of the responsibility in doing so, and I just wanted that on record. Thank you.

11:50

The Chair: Okay. Are there any other members wishing to speak?

Ms Fitzpatrick: I guess I'm a little upset by the comments I just heard because there was an opportunity to provide a minority report if additional things should have been addressed or if the member felt that things should have been addressed, and I did not see a minority report produced as an attachment to our PIPA response, so I'm just a little disappointed to hear the comments I just heard, and I wanted that on the record.

The Chair: Okay. MLA Gotfried, do you wish . . .

Mr. Gotfried: May I respond to that?

The Chair: Yeah. Absolutely. Go ahead.

Mr. Gotfried: Yeah. To the MLA, thank you for your comments and question. I do take that into consideration. I did have subsequent conversations, which you can verify with both the chair and vice-chair in this regard, asking that we could perhaps go in camera with this to discuss the workings of the committee to enhance that going forward. Again, I take my fair share, in fact more because I could have spoken up at the time. I did try, if you look back on the records, to steer us back on course to the deliberations and felt that those efforts to do so were not being taken into account by the committee, and I backed off. I should not have. I should have pursued that at the time.

If you recall, I believe we finished an hour and a half or perhaps even two hours early on that day, so we would have had ample time to at least address those other 12 considerations and a full page of recommendations from the office of the Information and Privacy Commissioner, which we did nothing to address. Those are my comments.

You are correct. A minority report should have been filed, but I tried to do that collaboratively within discussions with the chair and with the vice-chair, so that's where I decided to take that particular comment until this point.

The Chair: All right. Any other members wishing to speak to this matter at hand?

Seeing none, is there any other business that any committee members wish to address?

Seeing none, as deliberations come forward we will be polling for the next committee meeting.

With that being said, I will call for a motion to adjourn. Moved by MLA Dach that the November 15, 2016, meeting of the Standing Committee on Alberta's Economic Future be adjourned. All those in favour, please say aye. All opposed? On the phone? Excellent. That motion is carried.

Thank you all very much. This meeting stands adjourned.

[The committee adjourned at 11:53 a.m.]

