



Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee
on
Public Accounts

Agriculture and Forestry

Tuesday, March 14, 2017
8:30 a.m.

Transcript No. 29-3-2

**Legislative Assembly of Alberta
The 29th Legislature
Third Session**

Standing Committee on Public Accounts

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Anderson, Shaye, Leduc-Beaumont (ND), Deputy Chair
Littlewood, Jessica, Fort Saskatchewan-Vegreville (ND),* Acting Deputy Chair

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Dach, Lorne, Edmonton-McClung (ND)
Fildebrandt, Derek Gerhard, Strathmore-Brooks (W)
Fraser, Rick, Calgary-South East (PC)
Goehring, Nicole, Edmonton-Castle Downs (ND)
Gotfried, Richard, Calgary-Fish Creek (PC)
Loyola, Rod, Edmonton-Ellerslie (ND)**
Luff, Robyn, Calgary-East (ND)
Malkinson, Brian, Calgary-Currie (ND)
Miller, Barb, Red Deer-South (ND)
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Panda, Prasad, Calgary-Foothills (W)
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Turner, Dr. A. Robert, Edmonton-Whitemud (ND)
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* substitution for Shaye Anderson

** substitution for Nicole Goehring

*** substitution for Cameron Westhead

Also in Attendance

Schneider, David A., Little Bow (W)
Strankman, Rick, Drumheller-Stettler (W)

Office of the Auditor General Participants

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Eric Leonty	Assistant Auditor General
Fouad Kamel	Principal

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Shannon Dean	Law Clerk and Director of House Services
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Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Public Accounts

Participants

Ministry of Agriculture and Forestry

Dave Burdek, Assistant Deputy Minister, Policy and Environment

Anne Halldorson, Senior Financial Officer

Gerald Hauer, Acting Assistant Deputy Minister, Food Safety and Technology

Bruce Mayer, Assistant Deputy Minister, Forestry

Bev Yee, Deputy Minister

Agriculture Financial Services Corporation

Ed Knash, Interim Chief Executive Officer

8:30 a.m.

Tuesday, March 14, 2017

[Mr. Cyr in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance. My name is Scott Cyr, the MLA for Bonnyville-Cold Lake and the chair of the committee.

I would like to ask that members, staff, and guests joining the committee at the table introduce themselves for the record, and I will then go to the members on the phone lines. To my right.

Mrs. Littlewood: Jessica Littlewood, MLA representing Fort Saskatchewan-Vegreville, deputy chair, substituting for the hon. Minister Shaye Anderson.

Ms Miller: Good morning. Barb Miller, MLA, Red Deer-South.

Loyola: Rod Loyola, MLA for Edmonton-Ellerslie.

Mr. Malkinson: Brian Malkinson, MLA for Calgary-Currie.

Mr. Dach: Lorne Dach, MLA, Edmonton-McClung.

Mr. Nielsen: Good morning. Chris Nielsen, MLA for Edmonton-Decore.

Ms Renaud: Marie Renaud, St. Albert.

Ms Luff: Good morning. Robyn Luff, Calgary-East.

Mr. Gotfried: Good morning. Richard Gotfried, Calgary-Fish Creek.

Mr. Fraser: Rick Fraser, Calgary-South East.

Mr. Knash: Good morning. Ed Knash, the interim CEO of AFSC.

Ms Yee: Good morning. Bev Yee, deputy minister, Agriculture and Forestry.

Ms Halldorson: Good morning. Anne Halldorson, senior financial officer, Ag and Forestry.

Mr. Mayer: Good morning. Bruce Mayer, assistant deputy minister, forestry division, Agriculture and Forestry.

Mr. Leonty: Eric Leonty, Assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Kamel: Fouad Kamel, principal with the Auditor General.

Mr. Strankman: Rick Strankman, MLA, Drumheller-Stettler.

Mr. Barnes: Drew Barnes, MLA, Cypress-Medicine Hat.

Mr. Schneider: Dave Schneider, Little Bow.

Mr. Panda: Prasad Panda, Calgary-Foothills.

Ms Robert: Good morning. Nancy Robert, research officer.

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

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you.

I'd like to mention that we have nobody teleconferencing into this meeting.

I would like to note for the record the following substitutions: Mrs. Littlewood for the hon. Mr. Anderson as the deputy chair, Member Loyola for Ms Goehring, Mr. Nielsen for Mr. Westhead. Also in attendance we have Mr. David Schneider and Mr. Rick Strankman.

A few housekeeping items to address before we – please, Dr. Turner.

Dr. Turner: I just wanted to introduce myself as attending.

The Chair: Oh. I'm sorry.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

The Chair: Thank you, Dr. Turner.

A few housekeeping items to address before we turn to the business at hand. The microphone consoles are operated by the *Hansard* staff, so there's no need to touch them. Audio of the committee proceedings is streamed live on the Internet and recorded by *Hansard*. Audio access and meeting transcripts are obtained via the Legislative Assembly website. Please turn your phones to silent for the duration of the meeting.

Let's move to the second agenda item, which would be the approval of the agenda. Are there any changes or additions to the agenda? Seeing none, would a member like to move the agenda? Thank you, Member Loyola. Is there any discussion on the motion? All in favour? Any opposed? Carried.

We'll move to the next item on the agenda, approval of the minutes. Do members have any amendments to the March 7, 2017, minutes? If not, would a member move those minutes? Thank you, Mr. Nielsen. Any discussion on the motion? All in favour? Any opposed? Thank you. The motion is carried.

I'd like to welcome our guests who are here on behalf of the Ministry of Agriculture and Forestry to address the outstanding recommendations from the office of the Auditor General as well as the ministry's 2015-2016 annual report. Members should have the research report prepared by research services, the Auditor General briefing document, as well as the updated status of the Auditor General's recommendations document completed and submitted by the ministry. I would like to invite Ms Yee, deputy minister, to provide opening remarks not exceeding 10 minutes. If another party will be speaking besides the deputy minister, please identify yourself for the record prior to beginning your remarks. Thank you very much.

Ms Yee: Thank you, Chair, and good morning, everyone. It's a pleasure for me to be here today to discuss Agriculture and Forestry's 2015-2016 annual report. Before I begin, my colleagues at the table have already been introduced, but I'd like to introduce others that are in the room with us today: Dave Burdek, assistant deputy minister, policy and environment; Jamie Curran, assistant deputy minister of industry and rural development; Dr. Gerald Hauer, acting assistant deputy minister of food safety and technology; Katrina Bluetchen, executive director of extension and communication services; and Darryl Kay, AFSC's chief financial officer.

The 2015-2016 fiscal year seems a long time ago. A lot has happened since then, most notably the Fort McMurray wildfire, which changed the lives of many Albertans. I want to take you back to two years ago to help set the context for the annual report. In the spring and summer of 2015 the weather was a significant influence on the ministry's activities. We had a mild winter coupled with low

spring precipitation levels, resulting in very dry conditions that created issues for both the forestry and the agriculture sectors.

Our firefighting crews were extremely busy during the 2015 wildfire season. In fact, by the end of the year we had experienced one of the most active fire seasons on record with more than 1,700 fires that consumed over 500,000 hectares. That was nearly double the five-year average and included 64 large fires in excess of 200 hectares. Only one other time during the past 25 years had the province experienced that many large fires. Despite the challenging conditions, our wildland firefighters contained more than 90 per cent of wildfires by 10 a.m. the day after the fire had been detected. More than \$375 million in emergency funding was allocated to wildfire fighting activities to keep Albertans and their communities safe.

On the agriculture front the dry spring and early summer certainly had many producers concerned about crop yields, concerned about pasture and the availability of feed. We worked very closely with our agriculture stakeholders and with the Agriculture Financial Services Corporation to monitor conditions and to ensure that insurance claims were expedited. We ensured resources such as our water pumping program were available to producers and also worked with Environment and Parks to identify available pasture capacity on public lands.

The bulk of relief for producers came from the province's existing suite of crop insurance and other business risk management programs that are designed to assist producers during challenging times such as these. AFSC paid out nearly \$500 million in crop insurance and hail-related claims for the 2015 season. Fortunately, significant rainfall came later in the summer, helping to improve growing and soil moisture conditions. Although the result varied from region to region across the province, crop yields and feed supplies were much better than initially anticipated. Despite the challenging conditions, there was still some good news for our ag sector.

Fueled by higher beef prices, we set records with international exports of \$10.2 billion, and food and beverage manufacturing sales also reached new highs of \$14.6 billion. We were also pleased to see the U.S. federal government finally put an end to mandatory country of origin labelling requirements, otherwise known as COOL, although it wasn't very cool, on Canadian beef and pork exports, which was adding millions of dollars in unnecessary costs for our livestock industry. Over the years Agriculture and Forestry have been very active in working with the Canadian federal government to advocate for the repeal of COOL, so we were very happy to see that our efforts were rewarded and came to a successful conclusion.

In addition to dealing with immediate concerns related to wildfires and challenging growing conditions, the ministry contained a focus on core programs that support the long-term success and sustainability of our agriculture and forestry sectors as well as our rural communities. As outlined in our business plan, the ministry concentrates on five key outcomes, which include increased sector growth, effective assurance systems that inspire confidence, environmentally responsible and sustainable industries, diversification and maximizing product value, and thriving rural communities.

8:40

Our work to support these outcomes included maintaining funding for important community organizations such as ag societies, ag service boards, and rural utilities. AFSC provided more than \$500 million in loans to support economic activity in rural communities as well. We also invested in areas such as research, improved market access, environmental stewardship,

industry development, and efforts to deal with threats to our forests like the mountain pine beetle.

For me one of the highlights of the year was the official opening of the Farm Stewardship Centre in Lethbridge. What was once a facility that concentrated mostly on assessing farm equipment is now refocused on priorities such as applied research, evaluation, and implementation of new methods and technology to reduce the environmental footprint of farming and food production. These projects included improving energy, water, and nitrogen use and phosphorus filtration.

In addition to the work to enhance sustainability, we also had success supporting industry and market development activities. Market access and advocacy efforts, which included a ministerial trade mission to Japan, helped create connections between Alberta, ag and forestry exporters, and important markets like China, Japan, and South Korea. A total of 227 new value-added agricultural products were developed and introduced to the market, continuing an upward trend in results over the past seven years.

We continued work with the forestry sector to identify opportunities for diversifying products and markets. This includes efforts to make better use of our abundant aspen resources, which are underutilized, and developing an export marketing plan. Of course, one of our ongoing priorities is reaching a new softwood lumber agreement with the U.S. That previous agreement expired in October 2015. The U.S. continues to be our most important export market. In 2015 forest products to the U.S. were nearly \$2 billion. It is in the best interests of all parties that we reach a new agreement, to create certainty for consumers and to support working families and businesses within the forestry sector.

We continue to work with our federal counterparts to ensure that the interests of Alberta's forestry sector are well represented in negotiations and preparations for any possible litigation. A recently announced federal-provincial task force will assist with co-ordination of programs and efforts to grow the sector between all levels of government and industry.

In addition to advancing economic growth and sustainability within the forestry sector, we also continued with our ongoing efforts to enhance wildfire prevention and protection efforts. In 2015-16 approximately \$26 million was spent for wildfire management improvements and enhancements in response to the 21 recommendations related to the 2011 Slave Lake fire. We have taken a lot of actions to address these recommendations, including enhancing our firefighting capacity, FireSmart initiatives, enhanced support for wildfire signs, and development activities.

On the legislative front one of the major activities for the ministry in 2015-16 was to work with the Ministry of Labour to pass the Enhanced Protection for Farm and Ranch Workers Act. Work on that file also continues. Over the past months the technical working groups have been working closely with the agriculture community and other stakeholders to develop recommendations for the regulations that support this important legislation. These groups have been hearing from a broad and diverse range of voices and opinions, and some groups have now provided their recommendations to government. These technical working group reports have been posted online to give Albertans an opportunity to provide additional input. We want to ensure that the standards strike the right balance in ensuring fairness for workers and addressing the unique needs of farms and ranches in Alberta.

Time doesn't permit me to cover all of the highlights of the 2015-16 fiscal year, but I did want to draw your attention to some of the key activities that were undertaken and outcomes that we are trying to achieve as a ministry.

That concludes my comments, and our team is pleased to answer any questions you may have. Thank you very much.

The Chair: Thank you, Ms Yee.

I'd like to turn this over to our Auditor General for his comments. Mr. Saher, you have five minutes.

Mr. Saher: Thank you, Mr. Chairman. I'll simply, at a high level, have put into the record the outstanding recommendations that we have with the ministry, made up of the department and AFSC. With respect to food safety there are two outstanding recommendations, which the department has indicated to us are ready for a follow-up audit, and that work is under way at the moment.

With respect to AFSC, Agriculture Financial Services Corporation, there are two recommendations that I will just summarize as having to do with compliance with that organization's policies. It's been signalled to us that the corporation is ready for us to come back and do follow-up work. That corporation also has four outstanding recommendations with respect to its lending program. Those recommendations are scheduled to be discussed by the committee at an upcoming Public Accounts Committee meeting, so I won't go into further detail.

Thank you, Mr. Chairman. The end of my comments.

The Chair: Thank you to the Auditor General for his comments.

We will now follow our usual time allotment format for an hour-and-a-half meeting for questions from the committee members. The first rotation will be two rounds of questions for eight minutes each for the Official Opposition and government members, followed by five minutes for the third-party opposition. Our second rotation will be five minutes for each of these parties. With the agreement of the committee any time remaining will be distributed equally amongst the three parties, with the final one to two minutes designated for any outstanding questions to be read into the record.

I will now open the floor to questions from members. A reminder to participants to identify yourself prior to answering questions if you're not the deputy ministers. Just remember that at the one or two final minutes, there will be written responses that would be requested.

Mr. Schneider.

Mr. Schneider: Thank you, Mr. Chair. Through the chair, in the last PAC meeting, on March 7, Mr. Hogan from the Public Affairs Bureau was asked about what is being done with data that has been collected from telephone town halls. His reply was: "Not much at this moment." If I remember correctly, there were some of these consultations in conjunction with the Bill 6 legislation. Is that correct?

Ms Yee: The town halls were in association with Bill 6, yes.

Mr. Schneider: Okay. What, if anything, was done with the data that had to have been collected from those meetings?

Ms Yee: We would have to follow up with the Department of Labour. They were the lead on working with us on those town halls. So we could certainly follow up with you on that.

Mr. Schneider: Okay. Thank you.

Any idea what the cost of these town halls was to the department?

Ms Yee: That would also be a follow-up question that I would consult my colleague at the Department of Labour on.

Mr. Schneider: Okay. I would assume there was a budget put forward. Would that be from the Department of Labour?

Ms Yee: Yes. We had a budget that supported some of the consultation activities, but our contribution to that was smaller from a financial perspective.

Mr. Schneider: Okay. Can you follow up with that as well?

Ms Yee: I will, yeah.

Mr. Schneider: I appreciate that.

Just a final question: how would I or any other Albertan access that data? I assume it's public.

Ms Yee: From the town halls there was quite a detailed What We Heard that followed up from that. In the What We Heard submissions it would have included references to some of the data although in the What We Heard there wouldn't have been analytics applied to the data. But, certainly, it was very transparent in sharing what was discussed at the town halls.

Mr. Schneider: Okay. So telephone town halls? Were there telephone town halls as well?

Ms Yee: There were What We Heard reports that were posted, yes.

Mr. Schneider: Okay. So that data is available?

Ms Yee: I'll have to confirm with the Department of Labour, but what I was talking about was more broadly around the What We Heard through the town halls. That information was posted more broadly, the summary in What We Heard.

Mr. Schneider: Okay. I'll move on from that.

In the Auditor General report of 2015, through the chair, on page 73 there is a recommendation that the Department of Agriculture and Forestry "improve reporting on food safety in Alberta." I understand that some of that has certainly been going on. It's actually a recommendation that had been repeated. What, if any, progress has been made on that issue?

Ms Yee: Thank you very much for that question. In terms of reporting there are two primary tracks for reporting. We do work with Alberta Health as well. Our food safety system is an integrated system that has many players. We work in a co-ordinated fashion between ourselves with Alberta Health. Maybe just by way of context, our food safety system includes everything from animals before they go to slaughter, so on-farm, right through slaughter to cooling, to meat processing, to retail. In that system, Agriculture and Forestry would certainly regulate the abattoirs that conduct the slaughter. We work with on-farm in terms of food safety and animal health, and then we also deal with any abattoirs that would have meat processing associated with them. Through our annual report we do report on slaughter practices, and then in conjunction with Alberta Health we report on meat processing. That is online. You can find processing inspection rates posted on Alberta Health's website.

8:50

Mr. Schneider: Thank you.

In that same 2015 report there was an indication that gaps continue to exist in three outstanding issues, those being

- mobile butchers
- consistently administering the Meat Facility Standard
- coordinating inspections in the "non-federally registered" sector.

What is an example of a non federally registered sector?

Ms Yee: As I said, there are many players. The federal government is part of our food safety system when it comes to any food products for export. So if meat is going for export, that would trigger the federal government to be involved. If a facility does not have export in its destination for its meat products, then it would be non federally regulated.

Mr. Schneider: Okay. Regarding the gaps that were mentioned, can you briefly outline what may have been done to fix those?

Ms Yee: Yeah. Certainly. Part of the gap is the understanding and clarity of roles and responsibilities between ourselves, Alberta Health, and Alberta Health Services. When we talk about the system, I characterized earlier that the food safety system, from an Alberta Agriculture and Forestry perspective, starts on-farm with animals before they go to slaughter. The next step would be going to slaughter. Then we would have cooling, then we would have meat processing, and then we would have retail. In that space, for any facilities that have an abattoir and then have meat processing attached to them, Alberta Agriculture and Forestry is the regulator. We regulate that. For any meat processing and retail that is not associated with an abattoir, Alberta Health is the regulator in that case.

To ensure that all facilities were accounted for in the system and that there was clarity on who was regulating whom, we've worked very closely and co-ordinated with Alberta Health on that. We've brought clarity to the fact that any mobile butchers are the responsibility of Alberta Ag and Forestry. We've worked very hard and believe that we have a robust system and that there are no gaps.

Mr. Schneider: Through the chair again, you spoke about being involved with the health industry in detail. I'm just curious: what is the rate of health incidents due to meat-related causes? Specifically, for instance, are E coli incidences higher in meat than in vegetables, you know, on an annual basis?

Ms Yee: I would have to check data to verify that. We can either follow up or . . .

Mr. Schneider: Yeah. I would appreciate it. Following up is fine.

Ms Yee: I can also ask Dr. Hauer to speak to that if he's got any information regarding that. If not, we will follow up.

Mr. Schneider: Sure.

Dr. Hauer: Good morning. I'm Dr. Gerald Hauer, acting assistant deputy minister. Your question relates to: do we track whether or not these E coli cases in people come from meat versus a vegetable origin? We don't do that. That would be on the health side. We'd have to check with them about the procedure, but my understanding is that they do follow up on all of the cases. The difficulty is that they can't always determine where it came from. I mean, there are many types of E coli. But the types of E coli that we're talking about, that cause illness in people, are typically associated with animals and particularly with cattle. That doesn't mean that you can't get contamination of other food products.

To get to your question, we can check the statistics of the known sources, but I don't have that at my fingertips. I will caution that often we don't actually determine where it came from because a person is sick several days later, and it's very difficult to attribute what source that came from. Sometimes they can, but often they can't.

Mr. Schneider: If you don't mind following up with the stats, that would be great.

Dr. Hauer: Okay. We can see what we can do.

Mr. Schneider: Thank you.

The Chair: That's timely. Thank you, Mr. Schneider.
Dr. Turner.

Dr. Turner: Thank you, Mr. Chair, and thank you to the ministry staff for attending. This is a very important session we're having this morning. All Albertans are really concerned that we have a very effective assurance system to protect health, as was just mentioned, as well as confidence in consumers and that our farming communities know that they can proceed with their business in an effective way.

Outcome 2 was that Alberta would have a more effective assurance system that inspires confidence. My questions actually relate to that. Last fall producers in southeast Alberta were impacted by a few cases of bovine tuberculosis, and there was a subsequent quarantine. All Albertans, especially after the BSE crisis of the past, recognize that animal health systems are vital to ensuring that our trade markets remain open. It also impacts the producers as well as the local consumers. Given that priority initiative 2.3 speaks to the need to "improve the coordination and effectiveness of food safety and traceability systems," can you discuss how the case of bovine TB was handled last fall? What were the actions taken to ensure that the disease was contained?

Ms Yee: Thank you very much for that question. That certainly was an area that really demonstrated how well we were able to work with CFIA. Bovine tuberculosis is a disease reportable to the federal government through the CFIA, so they would be the lead on that issue. It's really important in situations like this, where we have disease, that there is a clarity of roles and responsibilities in that system. Our producers need to know what they can expect from the CFIA, and they need to know what they can expect from the department in terms of support.

In terms of couching my answer within that assurance system, part of what gives people assurance is how quickly we get to the investigation and that we don't let things linger. In the case of bovine tuberculosis this past fall Alberta Agriculture and Forestry immediately offered our support to CFIA in terms of the investigation. In fact, we embedded our staff veterinarians into their team and established a co-ordination and communication method. So we moved swiftly on that in order to support the investigation.

At the same time we also heard from producers the concerns around their financial assistance and their financial well-being as well as their mental health. This was very disturbing to them. Again, we brought to bear financial assistance to producers in working with AFSC to get programs under way and also negotiated with the federal government to get funding to support our producers. At the same time we were co-ordinating communications with Alberta Health and Alberta Health Services so that they could provide the supports for mental health and physical health to our producers directly.

At the same time we want to contain the disease, and there were concerns at the time that were raised for us in terms of what impact it might have on wildlife. So we brought into our team Environment and Parks staff to make sure that any wildlife issues were being addressed, and on the wildlife side Environment and Parks helped to initiate and continue a surveillance program in wildlife to make sure that bovine TB wasn't being seen in wildlife.

Then, obviously, we maintained ongoing communications with a number of meetings right in southern Alberta with all the players present so that questions could be answered for all of the producers.

So I think swift action was taken. We were very cognizant of maintaining international protocols because we did not want to jeopardize trade in any way. That required some education to help producers understand why certain protocols were being undertaken relative to quarantine and the length of quarantine and what was appropriate to do in terms of disposal of animals.

I think we had a very successful endeavour. It continues and will continue as CFIA continues its work through the fall.

Dr. Turner: Well, thank you very much for that comprehensive answer.

I'm going to turn my time over to MLA Renaud.

Ms Renaud: Part of initiative 2.3 on page 20 of the annual report speaks to the need to "improve the coordination and effectiveness of food safety and traceability systems." Can you discuss what processes and procedures are in place to ensure that diseases are caught early, before they cause market disruption?

9:00

Ms Yee: Thank you very much for the question. As I mentioned earlier, in the food safety system we do have a number of players. Ongoing communications and clarity on roles and responsibilities are very important. We've got communication vehicles, both at a provincial level and also federal-provincial. There are a number of committees, both at the assistant deputy minister level and the deputy minister level, that help to make sure that on an ongoing basis we're reviewing elements of the food safety system. We do adopt a continuous improvement approach.

While I had said earlier that our system is very robust, in fact, I would add a little bit of a footnote to that. I participated in a ministerial mission to China last fall, and we focused and really profiled our Alberta beef. It was interesting to hear the feedback in China about the confidence they have in our food safety systems, and that's what makes Alberta beef desirable and preferred in China. Our reputation goes beyond the province.

But that being said, it's supported by a number of committees. Between ourselves and Alberta Health Services, both at the provincial level and then, with our federal counterparts, at the federal-provincial level, they would deal with all aspects of the food safety system.

Ms Renaud: Okay. Thank you.

How much time do I have left, Mr. Chair?

The Chair: One minute and 13 seconds.

Ms Renaud: Okay. I'm wondering if you could just expand on the continuous improvement that you referred to. We don't have much time.

Ms Yee: I certainly will. Thank you. Actually, throughout all of our business, whether it's on the assurance side related to ag and food safety or the assurance side related to wildfire management, we do adopt continuous improvement. What we do on a regular basis is to conduct evaluations and reviews of how we've done. The bovine tuberculosis would be a very good example, where we sat down to review what was our performance throughout the bovine tuberculosis when it was very active. We met on a weekly basis with all partners to review what had been done, to say: "Have we done the best job? Is there anything that can be improved?" At the same time I was in regular communication with the president of the CFIA to make sure that the federal-provincial lines of communication were clear.

I think it's that constant communication, a willingness to review and then respond to what we learn in the review that give us this approach to continuous improvement, and I think that's what gives people confidence in our system.

Ms Renaud: Thank you very much.

The Chair: Thank you, Ms Renaud.

Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair, and thank you to our group here this morning for giving us your valuable time. I'm going to start out just with a line of questioning around outcome 2 from the business plan, which says, "Alberta has more effective assurance systems that inspire confidence." In light of some of the recent, I guess, newsworthy items, particularly around things like Earls restaurants and Joey restaurants and some of the certification issues around beef, that we all know and have maybe changed some of the dining patterns of some Albertans, I'd like to understand what your department is doing and what opportunities might exist given that the certification that we were being judged against was really one of those, you know, I guess, self-created certification programs, noting that we have the highest standards of raising and slaughtering beef probably of anywhere in the world.

What are you looking at in terms of creating our own certification instead of some third party that actually, as I understand, demands payment to be certified? Why don't we have, you know, something here in Alberta, and what are you doing to achieve that? I always go back to my love of the slogan If It Ain't Alberta, It Ain't Beef. Where are we moving with that so that we can have our own certification in Alberta or in Canada that has international recognition of the high standards that we employ?

Ms Yee: Thank you very much, and that is an excellent question. I think when it comes to certification – and we've taken a look at it – it brings in a whole bunch of concerns, which you've actually identified. Anybody can self-certify, and then you would have to question the credibility of that. I think we would put ourselves in a potentially similar situation if it was just an Alberta certification. It would have to be a certification that is recognized throughout the world.

A good example of how we face some of these challenges is when we look at international trade agreements and some of the trade barriers because there's a certain quality that the international market will look for. I think our focus has been putting our emphasis on those quality protocols and those standards in our international markets. I think it's one thing for us to have our own certification, but that won't go very far. It's kind of like A&W saying that, you know – they're self-declaring what they do.

We've been working with the industry as well because I think the industry plays a part in this. They need to be able to tell their story about how they're raising beef. Alberta Beef Producers, Canada Beef: those are all industry organizations that are working with us in order to do that. I think the assurance role that government has to give is assurance that the industry is well regulated, that we have confidence that they're achieving the health standards, the environmental standards that government is holding them to. I think that through the regular reporting that we do, that will help to achieve that.

But I think the jury is out on certification unless it's going to be an international protocol.

Mr. Gotfried: Sure. Bev, you are actively working with Alberta Beef Producers and Canada Beef, then, to investigate what that next step is in terms of certification? Is that an ongoing . . .

Ms. Yee: Yeah. Thank you very much. Actually, there's a large initiative going on around social licence. Social licence has to do with not only meeting those kinds of standards, but it has to do with environmental standards and things like that. There's quite a large initiative right now across industry, working with government and working with nonprofits, to say: what is the best way that we can demonstrate that we're meeting standards?

Mr. Gotfried: Have you had any conversations with organizations like ISO that would give us an international certification standard? Is that possible within the beef industry?

Ms Yee: We are taking a look at all the obvious organizations that we could work with, yes.

Mr. Gotfried: Okay. Thank you.

Just moving on to outcome 4, which is: "Alberta's agriculture and forest industries are more diversified and maximize product value." We've had lots of discussions around that. I'd like to understand a few things. How is the target number of value-added products developed, and how do we know when we've achieved those targets?

Ms Yee: Thank you very much for the question about the targets in terms of value-added products. You'll see that there's a target of 176 that we had in that annual report, and we actually overachieved and had a result of 227. This whole area of setting targets: we do base it on historical performance. It's often difficult to predict what kinds of products people are going to pursue. Certainly, the department would do intelligence gathering and share information about what the consumer trends are and try to encourage companies to pursue those kinds of things, but at the end of the day the kinds of products that are pursued are very different, and they would have a different time frame along which they would be developed. So we need to take all of that into consideration. [A timer sounded] I'm assuming that . . .

Mr. Gotfried: That means my next question will be in my next rotation. I've got more.

Ms. Yee: Okay.

Mr. Gotfried: Thank you.

The Chair: Mr. Schneider.

Mr. Schneider: Thank you, Mr. Chairman. On page 18 of the 2015-16 annual report for Ag and Forestry there is a chart. It's a performance measure that shows forest fire containment as a percentage done by 10 a.m. over several years. In 2015 the actual performance level was 92.7 per cent, which was the lowest in the previous five years.

Now, in California the practice is to start fighting fire as soon as it is detected and fight that fire until it's put out. It's known as first strike. The other practice is to move in additional forces to fight as the fire increases in size. That practice is referred to as escalation of effort. When it comes to initial attack, what policy does Alberta follow, first strike or escalation effort, and why?

Ms Yee: I'm going to ask ADM Bruce Mayer to address that question.

Mr. Mayer: Thank you, Member. From an initial attack perspective, Alberta's approach is to make sure that we're manned up and to hit it hard, hit it fast as soon as we find fire. The faster we can contain them at a smaller size, the more successful we are. It's

essentially a standard that all North American fire agencies follow when we're working together.

Mr. Schneider: Thank you.

Now, documents obtained by Wildrose show that Forestry had four tankers on the Fort McMurray fire on day one. The next day, day two, only two tankers worked the fire. On day three, the day the fire went into town, six air tankers worked midmorning and six more launched after lunch. I guess the question is: why were air tanker resources diverted away from the fire on day two, potentially contributing to the fire getting bigger?

9:10

Mr. Mayer: Thanks, Member. Those stats I don't know, so I'll have to look into it. We took aggressive action on that wildfire from the get-go at about 4 o'clock on May 1. There happened to be as well a second fire within the regional municipality, within the urban service area, that we successfully extinguished at the same time as the Horse River fire was burning. Air tankers were also active on other fires within the province, protecting other communities. We had fires over on the west side of the province that were threatening communities as well. The stats themselves: I have to follow up on those numbers.

Mr. Schneider: If you don't mind, please.

Ms Yee: If I could just add a footnote to that, I was up in Fort McMurray those early days, and I think the question of air tankers gets raised quite frequently. When you take a look at the airspace – for one thing, we're in charge of the airspace during that time of fire, but the airspace gets very busy as well. We've got helicopters up. We've got air tankers up. We've got smoke conditions, changing wind conditions. All of those factors have to be considered when we're deploying air tankers. We will follow up on the data and get back with detail to you, but just to let you know, that is an important context to remember.

Mr. Schneider: Okay. Thank you very much.

In other jurisdictions the use of different retardant products is explored. Some of these products are now the primary-use products. Have you reconsidered newer and potentially more cost-effective fire retardant products and their testing, and would this not help to achieve this 10 a.m. number or, you know, improve that?

Mr. Mayer: Thank you, Member. Yes, we're always looking at continuous improvement, what new products are out there. The product we use right now is a long-term retardant that has some salt and bentonite in it. We also use a foam injection in the water. All of the products have to be tested to ensure that if they get into a watercourse, they're safe and that we're not contaminating that from a public consumption perspective. We work with the U.S. Forest Service, that has the testing lab for any of the products that are tested and used. They have to meet a certain threshold before they can be put to work.

Mr. Schneider: Thank you.

I'll pass it to my colleague Mr. Panda.

Mr. Panda: Thank you. Again I'm referring to page 18. The annual report chart is there, talking about the performance level, which was only 92.7 per cent, the lowest in five years. To what do you attribute this significant drop?

Ms Yee: I can start, and if you want to, chime in after that.

Mr. Mayer: Okay. Go ahead.

Ms Yee: Thank you very much for the question. It's really important to consider that there are all kinds of external factors that have to be taken into consideration that can influence our ability to control a fire by 10 a.m. of the next day. These can be moisture conditions. It can be weather. It can be wind. It can be topography and our ability to get in. It can be the size of the fire, the location of the fire. All of those are external factors. While we would want to aspire to achieve 100 per cent, it isn't always possible because of environmental conditions and what's going on at the time.

Mr. Panda: Okay. Thank you.

Ms Yee: For the Fort McMurray fire, wind was a very big challenge, coming from all different directions at very high speeds. I don't know if there's anything you want to add, Bruce.

Mr. Panda: My point is, again, in 2016 – these numbers are for 2015-16, so now we'll have 2016-17 soon, and we had the 2016 Fort Mac fire. This will likely impact those numbers again, will it not?

Mr. Mayer: Member, in 2015 the reason that the numbers were at 92, 93 per cent was the sheer volume of fires that happened at the same time. If you look at the statistics for the second burning period, by day two we were at 96, 97 per cent contained. Just because of the sheer volume and the distance apart and the size of fires it took us a little extra effort.

Mr. Panda: Okay. Thank you.

Mr. Mayer: The 2016 year was more successful from an overall perspective.

Mr. Panda: What will your ministry be doing to ensure that they don't have another year like the one in 2015?

Mr. Mayer: Preparation work. We monitor the overwinter precipitation. We've got our training going on right now for our seasonal staff. We've got our contracts in place for air tankers, for helicopters, and for staff. Over the course of the last number of years we've also added more firefighters to our seasonal staff. Since 2012 we've added another 160 firefighters. We've got some more contracts with indigenous communities. We're working with our municipalities as well, ensuring that we're communicating on what the hazards are and what they might expect.

Mr. Panda: Thank you.

You also said that timing is important. It's common knowledge that it's best to fight fires in the early morning, when temperatures are cooler and the humidity is the highest. Is this the current standard in Alberta?

The Chair: Thank you.

If you could respond in writing to that question, I'd appreciate it. Mr. Dach.

Mr. Dach: Thank you, Chair. I'm pleased to continue with our questioning, and thank you to all presenters this morning. I'm continually impressed with the high level of expertise displayed by members from ministries as well as the Auditor General's department whenever we have them appear before our committee.

Minister Carlier has recently been on two trade missions abroad, one to China and South Korea and one to India and the United Arab Emirates. Now, we understand that international trade is vital to Alberta's agricultural producers. We produce much more than we can eat in this province thanks to hard-working and innovative

producers. But for these industries to grow, these markets are vital. Given that priority initiative 1.1, listed on page 13, notes that the ministry represents "Alberta's agriculture and forestry interests in trade agreements . . . and the opportunities that emerge as a result" and given the need to ensure that Alberta has access to markets, what does Agriculture and Forestry do to support the negotiation of trade agreements?

Ms Yee: Thank you very much. That's a very good question. Trade agreements are led by the federal government, so we work very closely with the federal government on trade agreements. In fact, Minister Carlier and I are planning a mission to Ottawa to meet with federal colleagues to make sure that they understand Alberta's priorities for trade. At the same time, while we're working with the federal government on pursuing trade agreements, we are also conducting missions, as you had identified, to China, to India, to places where we want to diversify our market. We want to help create the demand, create the interest in our product so that there's a draw for our product and at the same time bolster the federal government in terms of its understanding of what our priorities are and what the opportunities are. So we're very active on both those fronts.

Also, much as we have outgoing missions to those markets, we bring in delegations as well so that they can see directly our food safety system. They can see directly our products and experience them here.

Mr. Dach: Thank you, Ms Yee.

I'm very interested in exploring the relationship between the Ministry of Agriculture and Forestry as well as that of Economic Development and Trade in terms of the collaboration in the economic development and trade area, where they both share responsibilities. Although the Ministry of Agriculture and Forestry lists trade agreements as a top priority, we know that the Ministry of Economic Development and Trade leads in trade negotiations by advancing and developing Alberta's strategic international interests and relationships and negotiating and advocating for trade rule frameworks that enable economic prosperity while protecting Alberta's social programs, environmental policies, and labour and social standards, as you had alluded to.

Within this context how does Agriculture and Forestry's work interact with the work of the federal government and that performed in particular by the Economic Development and Trade ministry? In other words, how does this role within the Agriculture and Forestry ministry mesh with the overarching role of Economic Development and Trade? Do they work well together? Are there gaps? Are there overlaps? Is the collaboration seamless? How are the roles defined? That interests me a lot.

9:20

Ms Yee: Thank you very much. That's another very good question. I often describe my relationship and our department's relationship with ED and T and my relationship with Deputy Minister Jason Krips as: we're joined at the hip when it comes to trade. I would highlight a number of areas where we're working very closely and hand in hand with Economic Development and Trade.

In terms of international trade development and investment attraction we plan together, we co-ordinate, and we execute together. That includes everything from planning ministerial missions. As you also know, Minister Bilous was also in China, so we look strategically at timing for when Minister Carlier should go and when Minister Bilous should go. What parts of the trade agenda should they each be individually addressing? We do that on a very co-ordinated basis. We also co-ordinate on the inbound delegations as well.

The second thing I would highlight is that ED and T is responsible for Alberta's international offices, and they have them all over the world. We have in particular partnered with them in a number of our markets that we're very interested in, and we actually help to cost share and put resources into those offices that would look after Agriculture and Forestry's interests. We've done that in Tokyo; we've done that in Seoul, in Beijing, and most recently in New Delhi.

Another thing would be in the case of market access and in negotiating trade deals. The two ministries do support each other; right now, for example, U.S. trade advocacy. With what's going on in the U.S., we're very concerned about maintaining trade with the U.S., who's a significant trade partner. ED and T is co-ordinating a broader effort across all of government, and Agriculture and Forestry is part of developing the strategy, especially as it applies to Agriculture and Forestry.

Certainly, on softwood lumber agreements, again, that is a shared responsibility. Minister Bilous has a responsibility as well as our minister, and we work together on that. Our minister is currently on a federal-provincial task force to deal with softwood lumber.

Lastly, we also work collaboratively with ED and T on many investment cases. A good example: last summer the Stampede Investment Forum for the first time had an agriculture program, and they were able to do that because they worked directly with us to set up that program.

Mr. Dach: Thank you very much for that comprehensive answer.

I'm going to ask my colleague Mr. Loyola to continue the questioning.

Loyola: Just following up on that question, if you don't mind, how does the ministry then ensure that rural Alberta is addressed specifically within the role that it plays together with ED and T?

Ms Yee: Thank you very much. I often describe for people, Member, that when you look at Alberta Agriculture and Forestry, our ministry, you look at the ag sector and you look at the forestry sector. When you add those together, that equals rural Alberta. So I think that when we're working on behalf of the ag sector and the forestry sector, we really are tying in rural Alberta. Many of those communities, for example on the forestry side, have forest companies as the anchor in their community. They rely on them for employment. Therefore, maintaining good trade and maintaining markets is really having a direct impact on those rural communities.

The same would be true of agriculture-based communities. Anything that we can do to further trade agreements for our ag products will have a direct benefit in terms of jobs and in terms of revenue right back into those rural communities.

Loyola: How much time?

The Chair: You have 43 seconds.

Loyola: Okay. Well, could you perhaps give us an example? I don't have enough time to ask another question.

Ms Yee: Yeah. In fact, I'll ask Assistant Deputy Minister Bruce Mayer to talk about Norbord and their efforts in the community.

Mr. Mayer: Thank you. Norbord is an oriented strandboard producer, so they build sheathing material for house roofing and walls within the community of High Level. They're a very important player within the community of Grande Prairie. As part of the market outreach they've got a specialized product they're selling in China for flooring.

The Chair: Thank you, Mr. Loyola.

Mr. Gotfried.

Mr. Gotfried: Mr. Chair, thank you again. I'm just going to start out, actually, by reading a question into the record for your response at a later date, and it relates to my previous questions around diversification of value-added products. If you could just maybe respond later in writing about what is being done specifically to attract large-scale value-added investors or industries into Alberta in such areas as, for example, converting wheat to pasta for local consumption and export and also for higher value-added beef products. If you could respond to that.

I'm going to shift gears to probably our secondary market but certainly one of our largest growth potential markets, which is China. I'm a little concerned when we look at the statistics for 2016 that targets for 2016 are actually lower than the targets for 2013 and also that our target rates through to 2018 represent maybe a 2 and a half to 3 per cent annual growth of our exports, which seems to be concerning for me. Number one is that we are working hard to develop those markets in China: huge potential and, obviously, a low Canadian dollar. So I'd like to understand some of the specific initiatives and why the targets maybe are relatively unaggressive in terms of what the market potential, in my mind, could or should be in China.

Ms Yee: Thank you very much. China is a very interesting market, if any of you have had the opportunity to travel there, and we know that the opportunity is huge. A lot of our operators and our industry here in Alberta are small to medium-sized operators. So when we travelled to China last fall and attended the food show there to showcase our Alberta beef, a lot of them were sort of medium-sized companies. The capability of our small and medium-sized operators (a) to get into the export market and then (b) to be able to deliver on the demand that China would have is quite significant. These targets reflect a little bit of where we know we are now, today, and how we're going to have to grow the industry to be able to meet that demand.

The numbers are just absolutely incredible. It speaks so much about opportunity, but then we've got to get our industry here prepared for that. So we've got business development initiatives and programs where we're working with small and medium-sized companies to increase their export capacity and to look at how we can actually address the demand. If we can't fulfill the demand, China is not going to come to us.

Mr. Gotfried: Of course. That moves me to the next question. We've talked about beef certification programs. I'm sure that that's key. We're losing such things as feedlots here, which would affect our capacity and ability to meet some of those demands.

One of the other issues, which was raised, actually, in the Economic Future Committee, which I had a chance to ask about, was the fact that although the China markets have been reopened for us, they are not reopened for fresh, chilled beef, which would be, I guess, for a market like ours, where we have lower production and an opportunity for high-value niche products – the highest value niche products, I would suspect, are chilled beef. We also have air cargo service from both Edmonton and Calgary into the south China market and into Beijing. What are we doing in conjunction with Canada Beef, with the federal government, and the producers here to reopen the markets for chilled beef in China, which would be a huge, huge potential and, I would suspect, take us well beyond that 2 and a half per cent compounded market that we're projecting right now?

Ms Yee: Thank you, Member, for the question and for the observation. That is a huge opportunity, and we're very active in pursuing the market for fresh, chilled beef. In fact, both Minister Carlier's mission and Minister Bilous's mission raised these issues in China. There are continuing discussions that we're having bilaterally with partners in China, but we're also working with Canada Beef and the federal government to make sure that we get those markets opened up. That is about communication. It is about relationship. It is about confidence in our assurance systems. All of those are at play, and that is ongoing, continuing work for us.

Mr. Gotfried: Would you consider these targets that we've got as realistic or unambitious?

Ms Yee: I think, actually, that these are good targets, I mean, good targets seasoned with some realism, right? It's got some ambition in it, but it's got some realism in it as well. I think that you would see that over time our targets would change as the markets change.

Mr. Gotfried: Okay. I'd just move over to the Indian market, which is another huge potential. [A timer sounded] We'll carry that on next time.

Thank you.

The Chair: Thank you, Mr. Gotfried.

Mr. Barnes.

Mr. Barnes: Thank you, Mr. Chair, and thank you all for being here today. I want to turn to AFSC crop payouts. On page 4 of the annual report the minister says that AFSC facilitated insurance payouts "in a timely manner." My first question is: what does the ministry do? Do you hire out-of-province crop insurance adjusters? Is that an option when an agriculture disaster or emergency hits?

9:30

Ms Yee: Thank you for the question. I'm going to ask Ed Knash, our interim CEO for AFSC, to answer that question.

Mr. Knash: Thank you, Deputy. Thank you for the question. Unfortunately, when you have claims, they're quite lumpy and it's very difficult. That's one of the challenges we have, having the resources on hand to respond in a timely manner as quickly as we'd like to to handle the claims. We will hire people wherever we can find them. It's always a challenge finding people who are interested in doing work that sometimes is part-time in nature. We certainly are looking to hire more people all the time.

Mr. Barnes: Okay. Thank you.

When the board was fired in the summer of 2016, it was announced that there would be an interim board in its place. Who are the interim board? We've noticed that there are no names listed on the AFSC website.

Ms Yee: Thank you very much for the question. You're looking at one of the board members right now. When the interim board was appointed, the decision was made to appoint government officials to it. I am the chair of the interim board, and then there are a number of government officials. We have six members on the board that have been working since last summer.

Mr. Barnes: Okay. All government public servants?

Ms Yee: All government public servants, yes, at the deputy minister and assistant deputy minister level.

Mr. Barnes: Okay. In the future have we looked into a board elected by producers?

Ms Yee: We haven't looked at an elected board, but we are currently in the process of getting ready to install a permanent board. As you are probably aware, there was a public process inviting people to put in applications. There was a full recruitment process. We're hoping to have and install a new permanent board relatively soon.

Mr. Barnes: Okay. Thank you.

I understand that now the procedure when you have a disagreement with a producer on a payout is that the process goes before the appeal committee. Is that correct?

Ms Yee: I'll let Ed address that question.

Mr. Knash: Yes, it is. It's generally a couple of board members that are appointed to be on the appeal committee. That's a standard procedure for us.

Mr. Barnes: Okay. I understand that the appeal committee must have at least one board member according to the act. That's correct as well?

Mr. Knash: Yes. At the current time, during the transitional period, we have two board members that are on the appeal committee.

Mr. Barnes: Okay. The representatives, then, on the appeal committee: who is a representative from the production side of the industry? Would all the representatives now be public servants?

Mr. Knash: Yes, they are.

Mr. Barnes: Okay. I'm just kind of struggling a bit with the impartiality of that. It almost seems that the same people that made the decision in the first place are involved in the appeal process. Is that a factor? Is that a concern?

Mr. Knash: Thank you for the question. Technically, I don't think I see it that way. Basically, the decisions are made by the administration, and we are separate from the board. No one on the administration sits on the board. The CEO is no longer a board member, so we have that impartiality where we have the administration making the normal administrative decisions, and if there's an appeal, it goes to an appeal committee, which at this point, again during the short-term transitional period, consists of two board members. Ideally, I would see that changing to represent producers as well.

Mr. Barnes: Okay. In the past one of the board members on the appeal process would have been a producer.

Mr. Knash: Thank you. I believe there will be producers on the new board once it's appointed. In fact, I'd be surprised if there weren't any.

Mr. Barnes: Okay. When do we hope to have the new board in place? When do we hope to have the structure established?

Ms Yee: We're very close. We've already completed the interview process. The minister has a list of recommendations under consideration, so he'll be taking that forward to cabinet at an appropriate time. We're hoping very soon.

Mr. Barnes: Okay. Thank you.

The Chair: Thank you, Mr. Barnes.

Mr. Loyola.

Loyola: Thank you, Chair. Though you to our guests here, recently we saw some good news when it comes to investment in value-added agriculture here in the province. Last December we saw Cavendish Farms announce their additional \$350 million for their Lethbridge facility, that will increase demand for southern Alberta potatoes and create jobs in the region. I would like for you to describe how A and F was involved in the largest private investment in Lethbridge's history and how it stayed here in Alberta. Does the ministry participate in other investment attraction work of this type?

Ms Yee: Thank you very much for the question. We're quite proud of having been able to bring Cavendish into Alberta and keep them here. That was a joint effort and collective effort between many departments. The earlier question I got about: what is our relationship with Economic Development and Trade? Not only were we involved but Economic Development and Trade – we had other ministries because there were environmental concerns, so Environment and Parks was involved. We led a team, a crossministry team, that sat down and met with Cavendish to find out, you know, what their interests were, what they were looking for in terms of being able to attract them to come to Alberta and stay in Alberta. They generously shared with us that we had some competition out there. They were looking at some other locations as well.

Through the leadership of Agriculture and Forestry we were able to understand all of what their needs and concerns were to see whether we would be able to address them with a location here in Alberta and then, obviously, work with the local municipality in the area where they're interested to make sure that the municipality was well informed and that they are able, from their perspective, to address some of the needs, so everything from, you know, land acquisition to access to water, access to good transportation routes. It was quite a detailed process leading up to a final decision of being able to land that investment here in Alberta.

Loyola: Thank you very much.

I'm now going to turn the rest of my time over to my colleague Ms Miller.

Ms Miller: Thank you. Thank you, Chair. We've heard from our Finance minister that beer is good. Small breweries are popping up across the province, many of which are in small and rural communities. On page 29 of the annual report priority initiative 4.3 notes the need to “empower Alberta research and knowledge transfer associations to diversify agricultural production and processing, including new crop varieties and improved cropping, forage and livestock production practices.” I have a couple of questions on this. First, how does the province work to make sure that these enterprises succeed, and second, how does Agriculture and Forestry do anything to ensure that Alberta barley, which is the best in the world, has markets for these sorts of purposes?

Ms Yee: Thank you very much for the question. You've identified a really foundational piece of the work of this department, investment in research. It's research that will support growth of both ag and forestry industries. It's research that will support the development of new products and further diversification. So it is a foundational piece of our work, and in fact we invest a lot in research, either research that is conducted by the department, as you have flagged, in terms of new crop varieties and things like that as well as incenting and partnering with external bodies to conduct other research. All of that research is focused on ways that we can improve growth opportunities, identify new products that we can pursue. That is one primary way that we're supporting this kind of development.

Once it gets to the point where we've got a new product, then it triggers our business development people to work with small companies and new companies, and in fact our Leduc food processing centre is a great example of how we do that. Companies starting out that want to develop a product can apply to the Leduc food processing centre, where they would have access to food scientists, technicians to help them out. There's also a side of it that will help them develop their business plan and their marketing. So Ag and Forestry has been very well positioned to help the industry do that.

You had a final question around markets for Alberta barley. I do have to share a story where we had buyers from China – it's China again – coming to Canada to buy barley, and they were on a western Canadian trip. Alberta barley seemed to be premium for their beer products.

9:40

Ms Miller: Thank you.

The Chair: Thank you, Ms Miller.

Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. Thank you, again, to our presenters. I just wanted to move over to some conversations around some India trade. In 2014 the government of Alberta signed an historic agreement with the state of Punjab. According to performance measure 1(a) Alberta exported \$39 million of agrifood exports to India in 2013. I see that the target for 2015 was \$45 million. Could you tell me what the status of that target is at this point?

Ms Yee: Yes. In fact, the minister has just returned from a trade mission to India. I'm going to invite Assistant Deputy Minister Dave Burdek to make some comments on recent developments in that area.

Mr. Gotfried: I have a few other questions, so if we could keep this fairly succinct. Thank you.

Ms Yee: Succinct, he said.

Mr. Burdek: Dave Burdek, assistant deputy minister, policy and environment, with Agriculture and Forestry. Thank you for your question, Member. I had the privilege to attend Minister Carlier's mission to India. I'm just back, so I can speak to some of the gains that the minister made on the trip. India is the largest grower and consumer of pulses in the world. When we think about pulses, we think about peas, beans, and lentils, primarily. Canada is the second-largest grower and the largest importer of pulses into India. As a matter of fact, Canada, through primarily Alberta and Saskatchewan, provides about 80 per cent of the imported pulses into India. It's a massive opportunity, and that market continues to grow.

Another really important industry opportunity in India is canola oil.

Mr. Gotfried: Sorry. Could you tell me what it's at today? Could you tell me what the value is today, for 2016, whether we've achieved that \$45 million target?

Mr. Burdek: Yes, we have and exceeded it.

Mr. Gotfried: Thank you.

I just wanted to ask another question. In 2014 we had formed an agriculture working group with the state of Punjab. Has that agricultural working group been established? Is it currently working to achieve some of the higher objectives as set out by that historic agreement?

Mr. Burdek: Punjab is, I guess, the breadbasket of India or considered as such. As you mentioned, there was a memorandum agreement in Agriculture signed with that region. There was discussion at a bureaucrat level, at sort of an operational level, around establishing a working group. That did not happen. We also have an additional in-memorandum agreement with the state of Meghalaya around some livestock production in northern India, and that one is progressing well.

Mr. Gotfried: All right.

I had some questions around – it's interesting. I did some research that, as you mentioned, Punjab is actually the biggest contributor of surplus food in India. I'm not sure of the status of Meghalaya, but have you done research on other areas in India that are more net consumers, that we might actually have a higher potential for and to maybe bridge off the Punjab and Meghalaya partnerships to actually find more consuming regions as opposed to those that are larger producers?

Mr. Burdek: Yes, we have. The strategy for agricultural diversification and growth in the India market is robust. It focuses on industry-to-industry interaction, identification of companies in India that can act as distributors and food processors, not only here through investment in Canada but also in India. Leverage is, I think, Punjab's capacity to provide food to the rest of India. So we continue to do that work.

Mr. Gotfried: I guess it concerns me. This is from your own release in June of 2016 that the value of agrifood exports in India is valued at about \$1.53 billion. Considering our position as one of the largest exporters of agricultural products in Canada, it seems odd to me that of that \$1.53 billion we are just, maybe, slightly overachieving a \$45 million export to that market. Do you have concerns about that as well?

Mr. Burdek: We have some concerns. Certainly, we look at India as a great opportunity. I think one of the things we need to understand about the Indian market is it is a market where wealth is increasing, and there's an emerging middle class. So as that emerging middle class continues to progress and advance, there will be additional opportunities for agriculture. India is a country that is made up of about 55 per cent of the population as vegetarian, and so our opportunities for things like Alberta pork and Alberta beef don't exist in the Indian market. Our focus is really around pulses, which are the preferred source of protein in India. When you think about India, they are calorie rich in terms of wheat and rice but nutrition poor in terms of their source of protein and the tremendous growth in pulses, which is our focus, as well as canola.

Mr. Gotfried: But given the size of the market there would you not say that there are some other opportunities for beef exports into that marketplace as well? You don't need a large percentage of a billion people to actually have a significant market size. [A timer sounded] Maybe that could be responded to in writing.

Mr. Burdek: Certainly.

Mr. Gotfried: Thank you.

The Chair: Thank you, Mr. Gotfried.

The final rotation will be two minutes. We won't have a portion to read into the record at the end, so please use your two minutes wisely. We do need to give the members time to be able to get to the House, those that are on duty.

Mr. Schneider, if you would start.

Mr. Schneider: We're reading into the record now?

The Chair: I would recommend that.

Mr. Schneider: Okay. On page 22 of the October 2016 Auditor General's report it mentions that the minister dismissed the board of AFSC. We understand that the former board is still being paid. Is that correct? How much money has the former board been paid since dismissal, and how much more do you expect to pay them? If there is no board in place, who is making the decisions on behalf of the board?

As far as the lending program for AFSC, on page 29 of the 2016 Auditor General's report it states that AFSC does not have incentive to track the cost of its individual lending products. What is the ministry doing to change this?

On page 30 of the same 2016 report one of the key findings was that "AFSC does not have a function independent of the loan approval process to monitor the performance and quality of the loan portfolio." Can you tell us what changes have been made to remedy this?

As far as climate change programming, on page 27 of the '15-16 annual report with reference to climate change there's a reference to the Farm Stewardship Centre in Lethbridge, which was launched by this ministry. What is the budget for this institution? How many people work there? What objectives does it achieve?

Do you have something, my colleague?

Mr. Barnes: Thank you. Wondering if any taxpayers' money was given to Cavendish in terms of a grant or a loan guarantee to help them make their decision.

I'm wondering if your department has ever looked at twinning highway 3 to help the southeastern part of Alberta tie into the three potato factories in Lethbridge.

I have a constituent that has grown red lentils and discovered that the insurance was based on green lentils. That has caused some problems. I wonder what AFSC has for a process around making that more equitable.

Thank you.

Mr. Schneider: Mr. Chair, just a final question: did everything go as planned fighting the Fort McMurray fire?

The Chair: Thank you. That was very quickly done.

Mr. Malkinson.

Mr. Malkinson: Thank you very much, Mr. Chair. I think we can do these ones with a verbal response in point form. My first question is that being in an urban area, I've heard many responses about how urban sprawl is taking prime farmland. Does the department do anything to track this phenomenon? I've got a follow-up, so point form.

Ms Yee: Very quickly, the department is tracking land fragmentation, and we do report on agricultural land. I think the good news to report is that we have not lost agricultural lands. Through the regional planning process municipalities are required to take a look at agricultural lands and, if there's development that's going to be on prime agricultural lands, to consider other alternatives to that. So it is something that is on our radar and that we track on a regular basis.

Mr. Malkinson: Perfect. Thank you very much.

My last one here is just on the economic diversification efforts that you have as priority initiative 1.4, seeking to increase representation in priority markets. I'm just wondering what your point form is for what role you're taking to help industry diversify products coming from this sector.

Ms Yee: Sorry. I didn't hear the entire question.

Mr. Malkinson: Priority initiative 1.4 seeks to "increase representation in priority markets, strengthening the Canada and Alberta profile as a preferred global supplier for agriculture and forest products." Just quick notes on what the government is doing to help the industry.

Ms Yee: Yeah. We are inviting industry to participate with us on a number of trade missions, where they would actually be able to interface directly with those markets so that buyers in those markets can become familiar with their products and have some confidence and, therefore, open up some access to them.

Mr. Malkinson: Perfect. Thank you very much.
How much time do I have left?

The Chair: Five seconds.

Mr. Malkinson: About five seconds. Well, I'll take this moment to thank you and your staff for being here and talking to us today. Thank you.

Mr. Gottfried: Mr. Chair, I'm going to do some rapid fire here. With the ratification of CETA between Canada and the European Union, what steps is the ministry taking to expand exports to this market, specifically which markets and which products? How does your ministry co-ordinate your efforts with the Ministry of Economic Development and Trade to ensure a co-ordinated and efficient plan to access the world stage – and again specifically the markets of China, India, other trans-Pacific partnership countries, and also the EU – going ahead?

9:50

What work and co-ordination with the Ministry of Economic Development and Trade is being done to help agricultural producers

grow and access new markets within Canada and new markets in the U.S. as well?

How does the ministry measure its impact, influence on reducing trade barriers and opening up new markets, acknowledging that formal agreements can often take months or years to negotiate? I'm specifically referencing the China chilled beef issue there.

What did the ministry offer to the federal government for them to consider while drafting the softwood lumber strategy, and what is the status of that softwood lumber strategy going forward as of today?

Thank you.

The Chair: That was very impressive as well, Mr. Gottfried.

I would like to thank the officials from the Ministry of Agriculture and Forestry, including the Agriculture Financial Services Corporation, for attending today and responding to the committee members' questions. We ask that the responses to the outstanding questions from today's meeting be provided in writing and forwarded to the committee clerk within 30 days.

Are there any items for other business?

Seeing none, I will move on. The next item on the agenda is the date of the next meeting. The committee meeting will be on Tuesday, March 21, 2017, to hear the Ministry of Community and Social Services. The committee meeting is scheduled from 8:30 a.m. to 10 a.m., and the premeeting will be a briefing at 8 a.m.

I will call for a motion to adjourn.

Loyola: Motion to adjourn, Mr. Chair.

The Chair: Mr. Loyola, thank you very much.

All in favour? Any opposed? Carried. Thank you very much.

[The committee adjourned at 9:52 a.m.]

