



Legislative Assembly of Alberta

The 29th Legislature
Fourth Session

Standing Committee
on
Public Accounts

Agriculture and Forestry
Farmers' Advocate

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

Standing Committee on Public Accounts

Cyr, Scott J., Bonnyville-Cold Lake (UCP), Chair
Dach, Lorne, Edmonton-McClung (NDP), Deputy Chair

Barnes, Drew, Cypress-Medicine Hat (UCP)
Carson, Jonathon, Edmonton-Meadowlark (NDP)
Clark, Greg, Calgary-Elbow (AP)
Gotfried, Richard, Calgary-Fish Creek (UCP)
Hunter, Grant R., Cardston-Taber-Warner (UCP)
Littlewood, Jessica, Fort Saskatchewan-Vegreville (NDP)
Luff, Robyn, Calgary-East (NDP)
Malkinson, Brian, Calgary-Currie (NDP)
Miller, Barb, Red Deer-South (NDP)
Nielsen, Christian E., Edmonton-Decore (NDP)
Panda, Prasad, Calgary-Foothills (UCP)
Renaud, Marie F., St. Albert (NDP)
Schreiner, Kim, Red Deer-North (NDP)*
Turner, Dr. A. Robert, Edmonton-Whitemud (NDP)

* substitution for Jonathon Carson

Also in Attendance

Strankman, Rick, Drumheller-Stettler (UCP)
Swann, Dr. David, Calgary-Mountain View (AL)

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Eric Leonty	Assistant Auditor General

Support Staff

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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

Andre Corbould, Deputy Minister

Peter J. Dobbie, QC, Farmers' Advocate

Yvonne Jachowicz, Acting Senior Financial Officer

Freda Molenkamp-Oudman, Assistant Deputy Minister, Strategy, Planning and Governance

Agriculture Financial Services Corporation

Darryl Kay, Chief Financial Officer

8:30 a.m.

Tuesday, June 5, 2018

[Mr. Cyr in the chair]

The Chair: Good morning, everyone. I would like to call this meeting to order for the Public Accounts Committee, and I would like to thank everyone and welcome everyone that's in attendance.

My name is Scott Cyr. I'm the MLA for Bonnyville-Cold Lake, and I am the chair of this committee. I would like to ask that the members, staff, and guests at the table introduce themselves for the record, starting to my right.

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

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

Mr. Hunter: Good morning. Grant Hunter, MLA, Cardston-Taber-Warner.

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

Mr. Clark: Good morning, everyone. Greg Clark, MLA, Calgary-Elbow.

Dr. Swann: Good morning, everyone. Welcome. David Swann, Calgary-Mountain View.

Mr. Dobbie: Good morning. Peter Dobbie, Farmers' Advocate for Alberta.

Ms Jachowicz: Good morning. Yvonne Jachowicz, acting senior financial officer at Agriculture and Forestry.

Mr. Corbould: Good morning. Andre Corbould, deputy minister, Agriculture and Forestry.

Ms Molenkamp-Oudman: Good morning. Freda Molenkamp-Oudman, ADM of strategy, planning, and governance.

Mr. Kay: Good morning. Darryl Kay, Agriculture Financial Services Corporation, chief financial officer.

Mr. Leonty: Eric Leonty, Auditor General's office.

Mr. Wylie: Good morning. Doug Wylie, with the office of the Auditor General.

Mrs. Littlewood: Good morning. Jessica Littlewood, MLA representing the beautiful rural constituency of Fort Saskatchewan-Vegreville.

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

Ms Renaud: Marie Renaud, St. Albert.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Ms Luff: Robyn Luff, MLA for Calgary-East.

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

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

Mr. Malkinson: Good morning, everyone. Brian Malkinson, MLA for Calgary-Currie.

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

Mrs. Sawchuk: Good morning. Karen Sawchuk, committee clerk.

The Chair: Thank you.

I wish to note the following substitution for the record: Mrs. Schreiner for Mr. Carson.

I have a few housekeeping items to address as well. Please note that the microphones are operated by *Hansard* staff. Please set your cellphones and other devices to silent for the duration of the meeting. The committee proceedings are being streamed live on the Internet and broadcast on Alberta Assembly TV. The audio- and video stream and the transcripts of the meeting can be accessed via the Legislative Assembly website.

Let's move on to the approval of the agenda. I will be addressing the 2018 Canadian Council of Public Accounts Committees conference under other business. Are there any changes or additions to the agenda?

Seeing none, would a member move that the agenda for the June 5, 2018, meeting of the Standing Committee on Public Accounts be approved as distributed?

Mr. Nielsen: So moved.

The Chair: All in favour? Any opposed? The motion is carried.

Now we'll move on to approval of the minutes. Do members have any amendments to the May 29, 2018, minutes? If not, would a member move that the minutes of the May 29, 2018, meeting of the Standing Committee on Public Accounts be approved as distributed? Mr. Clark. All in favour? Any opposed? Carried.

I would like to welcome our guests here today on behalf of the Ministry of Agriculture and Forestry, the Farmers' Advocate to discuss the outstanding recommendations from the office of the Auditor General and the ministry's 2016-2017 annual report. Members should have the research report prepared by research services, the Auditor General briefing document as well as the status of Auditor General recommendations documents completed and submitted by the ministry.

The committee welcomes opening remarks not exceeding 10 minutes. Mr. Corbould, please go ahead.

Mr. Corbould: Thank you, Chair. Good morning, everyone. It's my pleasure to meet with the Standing Committee on Public Accounts to discuss Agriculture and Forestry's 2016-17 annual report. It's also my pleasure to bookend Public Accounts this year. I got to do the very first one in Environment and Parks, and now I get to do one of the last ones in Ag and Forestry, so I appreciate that opportunity. We're also here to discuss the 2016-17 annual report of the Farmers' Advocate office, and we have the Farmers' Advocate here.

Also joining us in the room today is Dave Burdek, ADM, intergovernmental relations, trade and environment division; Jamie Curran, ADM, livestock and crops division; Bruce Mayer, ADM, forestry division; Lisa Sadownik, ADM, food and value-added processing division; Katrina Bluetchen, executive director, strategic policy and extension; Dan Lux, executive director, financial services; Sadiku Yesufu, manager of financial compliance and systems; Chris Dyck, interim vice-president of innovation and product development, AFSC; and my chief of staff, Sara Wong.

A significant year in regard to agriculture and wildfire conditions was 2016-17. The low snowpack coupled with a

prolonged stretch of warm and dry weather in the spring of 2016 created the extremely hazardous conditions which contributed to the devastating wildfire in Fort McMurray. August rains that persisted into September turned to snow in October's harvest time, resulting in too much moisture with farmers unable to take their crops off the field. This made the harvest season for 2016 one of the longest ones on record, with some farmers still in fields right up to the end of November.

Despite their best efforts, more than 900,000 acres of crops were left on the field for the following spring. I can report that AFSC responded, paying out almost \$34 million in advance payments, expedited adjusting procedures, and extended seeding deadlines. An additional \$60 million was paid after processing claims, bringing the total paid for unharvested acres to \$94 million that year.

Several key items were undertaken by our ministry, including work to prevent wildfires and help Albertans affected by these adverse crop conditions. We made important amendments to strengthen the Forest and Prairie Protection Act and regulations such as enacting stronger penalties for violations like abandoning fires and burning during fire bans and the ability to restrict higher risk activities during hazardous fire conditions. AFSC worked closely with producers to provide interim financial assistance and to expedite insurance claims for the unharvested acres we saw later in that year.

We were also there to help with other challenges seen by Alberta's agriculture industry. With the discovery of bovine tuberculosis and subsequent investigation by the Canadian Food Inspection Agency our government, AFSC, and the federal government put together an AgriRecovery framework to assist the cattle producers who faced unexpected additional costs because of it.

Ag and food exports reached nearly \$10 billion, food and beverage manufacturing sales were more than \$14.5 billion, and forest product exports exceeded \$3 billion that year. Throughout the year Ag and Forestry continued to focus on core programs that supported wildfire management, research and innovation, improved market access, diversification, environmental stewardship, value-added industry development, and food safety.

We explored new opportunities for our agriculture and forestry products in the global market as well through innovative trade missions and our work on trade agreements. These trade missions included trips to China, South Korea, United Arab Emirates, and India. These countries offered great investment and market opportunities for Alberta, opportunities we continue to develop today through relationships, partnerships forged during these trips.

One key agreement was the Canadian-European comprehensive economic and trade agreement, CETA, and this will contribute to the diversification of Alberta's economy by providing preferential access to a lucrative market of 500 million consumers across 28 European Union member states. The European Union is Alberta's fifth-largest export market, with agriculture and food exports valued at \$404 million. There is a world-wide demand for high-quality agriculture and forest products that Alberta produces, and our ministry continues to develop and, of course, try to secure those markets.

A key priority for the Ag and Forestry department is to help address climate change and to help our stakeholders in making transition to a low-carbon economy. Our ministry's ongoing work continues providing agricultural offsets for greenhouse gas emissions, planting millions of trees every year, and exploring bioenergy production opportunities. We also do this through programs that assist producers with the cost of improving on-farm

energy management, purchasing solar equipment, improving irrigation efficiency, and adopting new energy-saving technology.

We also help agrifood businesses explore food processing development opportunities through our food processing centre and the business incubator. The centre works with between 80 and 100 companies each year, and graduates of the incubator program have already made significant contributions to the provincial economy.

2016-17 was also the year we started to renegotiate the new federal-provincial-territorial agreement for agriculture industry. We have now seen the end result of this important work as we wrapped up Growing Forward 2 and launched the new Canadian agriculture partnership, or CAP.

In October 2016 the OAG made a total of five recommendations for AFSC. I'd like to walk through and outline what has been done since those recommendations were made.

The first recommendation was that AFSC needed to develop a more refined mandate for its lending programs. Since that time we've completed a market assessment to determine credit needs for primary agriculture food processors, manufacturers, and commercial enterprises. AFSC conducted both qualitative and quantitative market research to determine the credit needs for various industry segments, and the results indicated a "strong, continued need for AFSC to deliver financial services." The market assessment was "used as part of the formulation of the new AFSC Lending Mandate," which should be implemented this next year.

The second recommendation was regarding the board of directors' oversight of the lending program. The auditors identified the need to clarify and define oversight responsibilities for the department. AFSC and the ministry developed and executed a new roles and mandate agreement, which clearly defines the roles and responsibilities between the department, the board, and AFSC management, including the need to periodically review terms of agreement at least every three years.

8:40

- AFSC has begun the implementation of an Enterprise Risk Management framework that defines the risks facing AFSC, details mitigation strategies and policies and monitors and reports on such risks to the AFSC Board.
- AFSC has also begun development of a risk rating system for all loans. When complete, this will allow AFSC to use the system to more effectively manage overall portfolio risk.

The third recommendation was the government funding model. The auditors identified the need for improvements in AFSC's government funding model and, more specifically, a system capable of accounting for and reporting product-specific costs. It's important to note that AFSC was meeting the requirements of the government budgeting and reporting process. The auditors had suggested there may be additional value and benefit achieved through a more detailed cost allocation and budgeting process. In response AFSC has developed an internal model to facilitate the allocation of lending costs to a specific product level. To augment the financial information on AFSC's lending programs, a new model was developed to report on the financial results of the primary agriculture, value-added, and commercial market portfolios separately.

The fourth recommendation. Auditors identified the need to have internal monitoring of the loan portfolio separated from the delivery and adjudication function of lending. It's important to note that the auditors did not identify any circumstances of loans that were inappropriate but, rather, identified that without independent oversight the systems were not in place to effectively assure that they wouldn't occur. To enhance the oversight of AFSC's lending portfolio, changes to AFSC's organizational structure were made.

They established new groups for both the product ownership and risk management offices independent of the compliance responsibilities that occur in operations on a day-to-day basis, and they've "implemented organizational changes to separate ownership of the lending policy, and monitoring of lending policy from the operational users of the lending policy."

The fifth recommendation was ensuring that training "agreements between AFSC and its employees comply with the corporation's established" protocols.

- AFSC has strengthened its training and development policies and guidelines and increased its controls related to training [requirements], including measures related to review of return service commitments.
- There are now specific requirements for business cases for high-cost [value] training [courses].
- Matters related to executive training are regularly reported to the Board of Directors.

The OAG completed their audit testing related to this recommendation in May of this year, and we have confirmation from OAG that this recommendation is now considered implemented.

I'm pleased to report that we have just recently met with auditors last week and have no new recommendations coming forward this year for either the department or for AFSC.

The agriculture and forestry sector is well positioned to support the economic diversification of our province through the work evidenced in the 2016-17 annual report and ongoing today. We're committed to continuing to support the growth of the industry sector. Our Farmers' Advocate office also contributes to the health of the agriculture sector through their work, which you will see referenced in their annual report and you can ask questions about today. The office exists to support rural Albertans in making informed decisions, operating in a balanced legal environment, assessing information regarding industry policies and procedures, and having an outlet to settle disagreements.

This concludes my comments this morning, and I look forward to your questions and our discussion today. Thank you very much.

The Chair: Thank you very much. I appreciate your comments.

Mr. Gotfried, would you mind introducing yourself for the record, sir?

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

The Chair: Thank you, sir.

I will now call on the Auditor General for his comments. You have five minutes, sir.

Mr. Wylie: Thank you, Chair. The deputy has given the committee a very good overview of our outstanding recommendations. I would just add that we have received confirmation from management that two of the outstanding recommendations that are included in your package have been implemented by management. We're planning to do follow-up work in the fall of this coming year, and we look forward to working with management through the full implementation of all of our recommendations.

Thank you.

The Chair: Thank you for your remarks.

The committee will follow an updated time allotment format for questions. The first and second rotations provide nine minutes each for the members of the Official Opposition and the government members, followed by four and a half minutes for the third-party member. The third rotation is five minutes each for the members of the Official Opposition and the government. For any time

remaining following the rotations, we will hear from any independent, Liberal, or PC member in attendance wishing to participate, and if none are in attendance, this time will be equally rotated amongst the Official Opposition, government members, and the third-party member, with the final few minutes designated for any outstanding questions to be read into the record and to consider the matter I referenced earlier for discussion under other business.

We ask officials at the table as well as those seated in the gallery to please provide their name before responding to questions. This is for the benefit of members who may be participating via the teleconference, for those listening online, and for the *Hansard* recording.

I will now open the floor for questions from members. Mr. Strankman.

Mr. Strankman: Thank you, Mr. Chair. It's a pleasure to be here on this fine Alberta morning. Mr. Corbould was very eloquent in his presentation. I took a note to his comment about the word "bookend." As one of the more senior members of the Chamber here I, too, can relate to that. I also want to give specific kudos to another name you mentioned – I believe he's in the gallery – Mr. Dave Burdek and his work on the tuberculosis event that happened in one portion of my riding and also the Member for Cypress-Medicine Hat's.

Mr. Chair, I'd like to proceed with questions primarily, first, to my section at least, with the Farmers' Advocate office. I think that's an important part of our role here today, so it's with pleasure that I'd like to go ahead. The Farmers' Advocate office website says that the office helps empower landowners in dealing with rural disputes, administers the Farm Implement Act, and plays an advocacy role. What percentage of your interactions with rural farmers and ranchers are dealing with property rights compared with dispute resolution between landowners in dealing with the Farm Implement Act?

Mr. Corbould: Well, Chair, Member, I'll just start off, perhaps, by saying that the focus of the Farmers' Advocate is not on property rights; it's on farmers' advocacy.

With that, I will hand it over to Peter to help respond to this.

Mr. Dobbie: Thank you. Peter Dobbie, Farmers' Advocate. In terms of property rights writ large as a policy issue, that issue probably represents less than 10 per cent of our work. Property rights are generally associated with surface rights and underground rights. It's generally not an issue of the rights themselves that we hear about, but it's the effective and fair dealing with those rights by surface operators and government actors.

What we see primarily has been driven in 2016 by the price of oil. We encountered quite a number of situations where landowners contacted us when the situation changed. Their operating company either didn't pay an amount owing under a surface lease, didn't operate to take care of a site properly, or attempted to unilaterally change the terms of a surface lease. From a property rights perspective, it really became an issue more of the contractual and statutory rights being respected. That's primarily what we have dealt with.

The Farm Implement Board portion of what we do really is a bit arm's length for us. It's a board of seven people: three from industry, three from producers, and one appointed by the minister of agriculture. They manage the Farm Implement Board directly. Each year we get between 3,500 and 4,500 calls or inquiries, and we have hundreds and hundreds of files, but our main issue is not generally people needing to know what their rights are. What they need our assistance in is protecting and understanding their

contractual rights, understanding the framework within which they have to operate, and then working with them to help get the remedies they deserve.

Mr. Strankman: Thank you for that. It's an important designation there, an important differentiation, too, for landowners going forward, especially with the present government's focus on renewable resource development and such like that.

On page 12 of your annual report it addresses calls referred by the Ag-Info Centre to your office. In '14-15, 736 of those calls were forwarded to your office. About half dealt with surface rights and other energy issues. Do you have the same stats for '15-16 and '16-17?

Mr. Dobbie: Thank you for the question. I don't have the numbers in front of me. The numbers have increased. We had over 900 calls referred through the Ag-Info Centre last year to this year. It would be approximately the same proportion, and the issue, again, has normally related to the cash-flow and operational issues.

8:50

The Chair: Would you mind tabling the documents?

Mr. Corbould: Chair, if I may, I do have some numbers for that year that I can relate.

The Chair: Fair enough, sir.

Mr. Corbould: There were 2,500 calls or in-person inquiries that were dealt with by the FAO in 2016-17 in addition to 1,000 calls that were forwarded to the FAO from the Ag-Info Centre for that year.

Mr. Strankman: So from that I would think that it's a growing problem. Mr. Dobbie, would you consider that?

Mr. Dobbie: Yes. I would say that the problem had grown and has levelled off or has decreased. What we really saw was a lag from the drop in the price of oil. There was a bit of a time lag for operators who suffered cash-flow problems. My understanding is that what happened was this. Operators tried to identify what their cash costs were, tried to reduce those costs. In some cases they were unable to make payments. There are remedies under section 36 of the Surface Rights Act for landowners to seek an order from the Surface Rights Board for reimbursement through Alberta Treasury, and that process is under way. We helped to work with the Surface Rights Board to improve the processing.

I'm quite proud to report that we were able to stop in its tracks certain behaviour of land agents on behalf of oil and gas companies, where they were attempting to unilaterally reduce surface rights payments. There was a false or a mistaken belief among some land agents that the terms of a surface lease could be unilaterally altered if circumstances changed, production fell off, or there wasn't production. Section 27 of the Surface Rights Act doesn't allow that. We immediately issued a notification, a farm advisory. I met with the Canadian Association of Petroleum Producers. I met with the Canadian Association of Petroleum Landmen. We were able to stop that behaviour. The companies that were actually issuing those letters retracted the letters and stopped the behaviour. So it kept money in the hands of farmers and ranchers, but the problem itself is waning.

Mr. Strankman: Thank you for that proactiveness.

You know, our office has learned, Mr. Chair, that there's a lot of miscommunication that goes on in that field and certainly in the development of renewables, where these agencies are engaging

farmers and ranchers. They're concerned about renewable projects. These contracts are vastly different from other energy contracts. It's a private contract between the owner and the renewables company.

I'm leading forward to a question. Protections such as in section 36 applications are not included. Since this is a more buyer-beware scenario, can you tell me what kind of response your information has received? I'm well aware that you have updated your presentation after initial meetings. I want to know. I believe that in my constituency in the town of Castor there was a town hall held in that regard.

Mr. Dobbie: Thank you again, Member, for the question. I'm very proud, and I have to mention that Janet Patriquin, Jeana Schuurman, and Michele Del Colle of our small but mighty team really led this issue. They held 13 town hall meetings around the province of Alberta in response to the questions that arose about renewable energy projects. I'm holding in my hand a copy of the Renewable Energy in Alberta document that our office produced to provide landowners, farmers, ranchers, and other actors with information about this new regime. This work that we did really was in support of the policy that the government has initiated to increase renewable energy.

The member is correct that the rules of the game are not the same for renewable energy development as they are for oil and gas development. Those rules are set out clearly in the Surface Rights Act, the remedies that landowners have, the responsibilities that operators have. It is a private contract situation. We were able to provide a summary to landowners for issues that they should consider. Frankly, the thing that they have to do at this stage is to make sure that they get sophisticated, professional advice as to their rights and responsibilities because these are long-term projects.

The other outcome was that we were able to identify some gaps in the legislative structure or policy structure and co-operate with the Minister of Environment and Parks as to how remediation should be handled. That's been a positive outcome.

The Chair: Thank you, sir.

Mrs. Littlewood.

Mrs. Littlewood: Thank you very much, Chair, and thanks, everybody, for joining us. Regarding market access how does the department measure the ability that you have with impact and influence on reducing trade barriers and opening up new markets?

Mr. Corbould: Thank you very much, Chair and Member, for the question. Alberta Ag and Forestry provides detailed input to the government of Canada on Alberta agricultural priorities for trade agreements under negotiation. The final text of the agreement is compared to our input to determine how well the priorities are reflected in the trade agreement from an Ag and Forestry perspective. We work very closely with the Department of Economic Development and Trade as well in all of these discussions. Jason Krips and I talk once a week about ongoing activities to make sure that we're very aligned. We also track trade barriers that significantly impede exports of ag and food products. Elimination of these barriers increases our access market. Examples of recently eliminated trade barriers are mandatory country of origin labelling for beef and pork in the United States and the expansion of beef access to China to include chilled beef. We also examine Canada's and Alberta's export statistics on a regular basis to determine how patterns are affected by new agreements.

Mrs. Littlewood: Thank you very much.

Are you able to give us some details on how you address market access issues when it comes to rail?

Mr. Corbould: Yeah. Just on the rail issue, first of all, I would say that we're in touch with both railways on a constant basis. The minister speaks quite often to the CEOs, I speak to some of their VPs, and we get regular updates from both CN and CP on what they're doing to address shortfalls. We're concerned about shortfalls not just in grain but in their ability to deliver forest products as well, which is another factor this year. Essentially, what we do is that we work with shippers and producers to make sure that we're very clear on what the requirements are and then deal directly with CN and CP in terms of constantly asking them to improve their service and trying to hold them accountable. I think they are. They listen to us. They report to us what they're doing. They explain to us what they're doing, and we're able to then relay that on to Albertans as well.

The last thing I would say is that I think Bill C-49, the new federal bill, will help with some of this. It will help to do and enforce a lot of what we've been worried about over the last five to six years in terms of shipping.

Mrs. Littlewood: Okay. Thank you very much.

What's the measure for forestry products, similar to the one that you would have for agrifood exports, that shows exports broken down by country, and what percentage of forestry exports go to the U.S.?

Mr. Corbould: Thank you, Chair and Member, for the question. In terms of forestry exports by country the department tracks exports to better understand market opportunities. We rely on Stats Canada data that is produced and prepared. Stats Canada collects forestry industry data and breaks it down by exporting province and the importing country. That allows us to figure out what our numbers are by each province.

With regard to forestry exports to the U.S. approximately 70 per cent of Alberta's forestry exports go to the United States. In 2017 we exported \$2.3 billion to the U.S. and exported \$3.3 billion in world markets, including the U.S.

Mrs. Littlewood: Okay. Thank you very much.

The former ALMA, Alberta Livestock and Meat Agency, had performance measures for market access in relation to livestock and meat products, demand for Alberta livestock, and industry engagement. What are the measures that you currently use in your department to measure this internally?

Mr. Corbould: Right. As mentioned, the Department of Ag and Forestry assumed full responsibility for livestock and meat programs that were formerly delivered by ALMA. The total '16-17 expenses of \$21 million, related to the \$24 million budget on page 53 of the annual report, was recognized under the following programs: ministry support services, ag policy and economics, and industry development. The department recognized the importance of the market access building demand for agricultural products, and this remains a priority for the ministry. Many of the activities are reflected under outcome 1 of our business plan.

There are different ways to track our progress, including export market diversification and the composition of Alberta's export products by sector. Alberta remains the largest cattle-producing province in Canada, with 40 per cent of the national herd and the vast majority of Canadian beef processing. In 2016 beef and nonpurebred live cattle remain Alberta's third and fourth top exports, valued at more than \$2.2 billion.

Those are some of the numbers, that I hope address the question.

9:00

Mrs. Littlewood: Great. Thank you.

Just a few questions that I'll start with the Farmers' Advocate office, please.

Mr. Corbould: Sure.

Mrs. Littlewood: Thank you. Of course, we all know that there was a significant collapse in the price of oil globally, and that can have – obviously, we've seen the impact in the energy sector, particularly with smaller operators, and there have been companies that have been filing for bankruptcy. One of the impacts that we were just discussing is that we end up with issues with the rental contracts with farmers and ranchers that access the land. Some of these leases have been broken as a result of bankruptcy. Could the Farmers' Advocate tell us some details about how you work through these issues to address these situations?

Mr. Corbould: Right. I'll call upon Peter Dobbie to answer.

Mr. Dobbie: Thank you. Thank you for the question. Again, this is an area that I'm very proud of the work that we have done. How we have responded is as follows. We do an outreach program where we provide information to farmers, ranchers, and landowners through various presentations and groups and our website. We also then do intake, and we monitor issues as they arrive. We do try to be proactive. Once we identify an issue, we attempt to assess whether that issue has broader implications. If so, we work to essentially try to stop it or bend the curve.

In relation to the nonpayment or failure to comply with the terms of a surface lease, what we've been able to do is as follows. First of all, many landowners have never encountered this type of issue. Farmers and ranchers deal with surface rights almost generationally. Once every 20 years it might come up, so it's been a first time for most of them. First of all, we provide information as to their rights and remedies: here's how you make a section 36 application. We then work with the Surface Rights Board to improve and streamline that process. That's a big part of it.

We've also written and supported the application by the Alberta Energy Regulator in the appeal of the Redwater decision, which dealt with bankruptcy. We also actively work on some of the bankruptcy files. We work with the trustees to ask them to identify properties that are not going to be covered by the bankruptcy, essentially releasing those from the bankruptcy proceedings so that the stay that's in place does not affect those landowners, and then they're able to seek remedies under section 36. So we work proactively. Once we find an issue, we try to, as I say, bend the curve.

Mrs. Littlewood: Great. Thank you very much.

Chair, how many seconds do I have left?

The Chair: One minute, six seconds.

Mrs. Littlewood: Okay. We've also heard concerns about what you were just talking about earlier, about agents coming to try and renegotiate leases. What advice has your office provided to these producers when it comes to people trying to secure lower rental rates?

Mr. Dobbie: Thank you again. Essentially, we issued an advisory in 2016 indicating that that is a violation. An attempt to renegotiate or to unilaterally change the terms of a surface lease is a violation of section 27 of the Surface Rights Act. We got on that immediately. I met with the presidents of a couple of companies, and they agreed to change their behaviour. We also informed other land agents. It really gratified us that the Surface Rights Board in a decision called

Duel Energy Inc. versus Gallagher in 2017 affirmed our position that unilateral changes in leases are not permitted, that there are remedies permitted only in the renewal time.

Mrs. Littlewood: Thank you.

The Chair: Okay. Thank you, Mrs. Littlewood.
We'll move on to Mr. Clark.

Mr. Clark: Thank you very much, Mr. Chair. It's good to see everyone. Mr. Corbould, it's good to see you again.

I will start my questions today with page 5 from the annual report. I'd like to talk about the replacement of Growing Forward 2. The Canadian agriculture partnership, I understand, was signed in late March of this year, but the CAP website, as far as I know, doesn't list any programs or news. Most of those programs, as far as I know, are not accepting applications. Given the government's focus on innovation and export development, I understand that you're no longer accepting applications under accelerating the advancement of agricultural innovation, adapting innovative solutions in agriculture, agriculture and food sustainability assurance initiatives, emerging opportunities in food and agriprocessing, products to markets, or value-added products to markets. I'm curious if under CAP those programs will be replaced. If so, with what, and when?

Mr. Corbould: Sure. Thank you very much, Member, Chair. CAP was just recently signed on April 1, 2018, so we've moved from Growing Forward 2 to CAP. We're committed to developing and implementing programs that align with six priorities under the Canadian agriculture partnership. Those six priorities are science, research, and innovation; markets and trade; environmental sustainability and climate change; value-added agriculture and agri-food processing; public trust; and risk management.

Now, in terms of how GF 2 is perhaps different from CAP, I would just say that there's increased focus on outcome-based agreements, increased focus on reporting requirements, a focus on the environment, public trust, regional collaboration. The programs must be measurable and be able to support activities that lead to achieving outcomes, and we've reduced programs from 28 to 15 as part of that. They will be rolling out very shortly. I think we have one out now, and certainly we're speeding up the process on how we roll these programs out over the summer.

Mr. Clark: Okay. Thank you very much.

I'm going to switch over to the forestry side of things, page 18, key strategy 1.3, collaborating with industry and postsecondary institutions on targeted research projects, specifically as it relates to watershed research projects in southern Alberta studying the effects of harvesting techniques and water yields and flow. Of course, we first became acquainted on the flood mitigation file, so I'm quite interested in understanding how that does plug in, if it does, in fact, to flood mitigation in southern Alberta.

Mr. Corbould: Right. Thank you, Member, Chair, for the question. I would say that we're integrated very closely on a number of fronts, especially with Alberta Environment and Parks. We have an IRMS, or integrated resource management sector, meeting on a regular basis. I think the unifying factor that really integrates our planning and preparation on the forestry side is the land-use planning that we're doing throughout the province. A big part of that is understanding what the impact is of forestry on our headwaters and how it affects those waters. We're doing research with partners that's not all Alberta funded but funded by other partners, including the University of Alberta, city of Calgary, city of Edmonton, on some headwaters matters. Finally, we do speak regularly with

environmental organizations such as CPAWS and Y2Y and the Alberta wildlife association because they give us examples of how forestry practice can be more innovative and different. We work with industry on those as well.

I would say that we're really integrated with industry, research, academics, environmental organizations. It all comes together in terms of planning and preparation under the land-use planning frameworks that Alberta sets. Where we don't have those frameworks set up yet, like in the Peace Country, we use the same concept for integrating all those people on these matters.

Mr. Clark: In just the last few seconds here I'll ask: have you worked with indigenous communities to incorporate traditional knowledge as part of that discussion as well?

Mr. Corbould: Yes, we have. In fact, in December, when I was still at Environment and Parks, we chaired a meeting of indigenous nations that were going to be impacted and wanted to discuss the NSRP. We had forestry folks at that meeting – one was in Environment and Parks – but we are integrated with them and with industry on the management of those.

Mr. Clark: Thank you.

The Chair: Thank you, Mr. Clark.
Mr. Hunter.

Mr. Hunter: Thank you, Mr. Chair. I just have one question that I'd like to ask the deputy minister, and then I'll turn my time over to the Member for Drumheller-Stettler. On page 37 of the annual report from Agriculture and Forestry key strategy 4.3 talks about farm safety. Has your ministry indicated to producer groups or farming and ranching families when the phase-in of regulations will occur in regard to the farm safety?

Mr. Corbould: Thank you, Member, Chair, for the question. No, we haven't, because in terms of the implementation of that, it's the prerogative of the Department of Labour. I can say that we're working very closely with the Department of Labour and also with the ag coalition to figure out the details of those regulations, as we promised we would when farm and ranch first became an issue in 2015. To answer that question, really it's the prerogative of the Labour department, but we're working with them very closely on integrating with that.

Mr. Hunter: Okay. Thank you.

Mr. Strankman: Thank you, Mr. Chair. I'd just like to follow up briefly on that if I could. Mr. Corbould, you talked about the ag coalition, but I understand that the chair of the ag coalition has now become involved with the Ag Safe organization, affiliated with a separate society, so I don't understand how that relationship could be contiguous.

9:10

Mr. Corbould: Okay. Thanks, Member. I would say that – sorry. I'm just not understanding what the question is.

Mr. Strankman: Well, Mr. Erickson was the chair of the ag coalition, but I understand he stepped down from that role to take a role with Ag Safe. You mentioned that you're working with the ag coalition, so who is the contact person now, then, with the ag coalition?

Mr. Corbould: Yeah. I would say that the Department of Labour, with us, continues to work with the ag coalition. We accepted a lot

of their advice, and we worked with them over the last year. Despite the fact that the chair has stepped down, that work with the ag coalition is still good.

Mr. Strankman: Okay. So it's kind of a loose description, then, when you say ag coalition. It's not Mr. Erickson, then?

Mr. Corbould: Well, I was not personally aware that he had stepped down, but that work that had happened over the last year with them had been good work.

Mr. Strankman: Okay. I understand that.

Mr. Corbould: I think it's fair to say that Ag Safe would be the next step.

Mr. Strankman: Well, there have been descriptions of the word "coalition" in relation to Ag Safe, and it's been somewhat loosely described, I guess I would say.

I'd like to redirect my questions to Mr. Dobbie from the Farmers' Advocate office. On page 5, sir, of your brief you have a 10-point reclamation plan, or you talk about that. I would appreciate it if you'd table the literature that you previously described, because I think it's a marvellous piece of work there. I was wondering if you have plans to educate rural landowners about the life cycle of renewable energy projects going forward and if you could give us an opinion on the requirements, that landowners wouldn't necessarily understand the requirements of their education in regard to renewable and nonrenewable energy projects on their properties.

Mr. Dobbie: Thank you for the question. I have a copy of the Renewable Energy in Alberta guide, that the Farmers' Advocate office prepared. I'm not certain, Mr. Chairman, as to how to table it, but I'm tendering it in the air and offer to table it in the appropriate fashion.

Mr. Strankman: Well appreciated.

Mr. Dobbie: Again, thank you, Member, for the compliment. The plan for our office is to continue our work on the renewable energy front. The main difference, if I can describe it, between oil and gas surface rights issues is the Surface Rights Act and the ability of the Surface Rights Board to issue an order for a right of entry by an operator.

In an oil and gas situation landowners, farmers, and ranchers first have an opportunity to negotiate a surface lease. If that doesn't happen, a right of entry order can be granted. That's a property rights decision that was made in the legislation many years ago that is aligned with the proper and orderly development of oil and gas. The difference with renewable energy operations is that there is no comparable ability to obtain a right of entry order. As you had previously mentioned, these are private contracts.

The concern that we've heard from farmers and ranchers and have responded to is that it is not clear, because this is new in Alberta, what the rights and remedies are. These projects do have a long life cycle, and there are some implications for neighbours. What we saw was a gap in information. We were able, because, again, we are a small organization, and we work essentially to promote the interests of farmers and ranchers – we filled that gap with some information, and we've identified some further gaps. One of them relates to reclamation. We have been providing information to Alberta Environment and Parks as to what we have heard as to what should happen. It's my view, personally, that the provisions that deal with gravel operations requiring bonding for reclamation providing some surety or security in place will protect landowners.

Those are the types of ongoing issues. It's a new area for Alberta, and we're working to identify the gaps and work on those.

Mr. Strankman: Thank you. Beyond that – and you talk about those types of disputes or whatever – do you have any opinions on or is your office approached with issues on disputes regarding AFSC?

Mr. Dobbie: Thank you again for the question. The short answer is very rarely. There is a robust appeal and review mechanism in place with AFSC that, in my view, works. The number of actual disputes or appeals on decisions for payments under crop losses or for damages is really quite small compared to the number of files that are handled by AFSC. Essentially, that is an insurance program that farmers and ranchers contribute to, that the province contributes to. In my view, it works quite well.

One issue that we heard in 2016-17 was that there was a significant backlog and delay in having someone come out to assess damage because, of course, of the unusual spring. That was, I would say, similar to a weather problem. You can't gear up a staff to manage the hundred-year events. So that would be one issue, but generally our office is rarely hearing concerns about decisions because there is, I think, a vigorous appeal process.

Mr. Strankman: I appreciate that.

Time is running down here, and I also wanted to ask you about – many people are aware of bureaucratic issues regarding water licences and water development and that sort of thing, farmers and ranchers running afoul of the bureaucracy. Can you tell me if your office has received many inquiries in regard to those disputes, and would you have any other opinions on that? A lot of that relates to E and P, Environment and Parks.

Mr. Dobbie: Thank you again. The short answer is that when the issue first arose, within the past year, as to certain licences apparently being cancelled for failure to complete them, we received, I would say, under three calls. We were very pleased, frankly, that the Department of Environment and Parks took a look at the issue and responded promptly. Since that time, we have not heard further.

I have helped teach a water law course at the law school at the University of Alberta, and frankly it is an area that most Albertans are not at all familiar with.

Mr. Strankman: Completely fluent might be a word.

Mr. Dobbie: Yeah.

Mr. Strankman: I know as a landowner myself, sir, you know, that it's an awkward understanding.

I just wanted to get one more question in if I could. You've talked about the Property Rights Advocate, and I understand you may or may not be back and forth in conversations. Would you have any opinions on the development or the improvement of that office to communicate with Albertans regarding their property rights?

Mr. Dobbie: Thank you again for the question. We do work with the Acting Property Rights Advocate and the team. I have no specific recommendations.

Mr. Strankman: Thank you.

The Chair: That was simple enough. Thank you.
We will move on to Mrs. Littlewood.

Mrs. Littlewood: Thank you, Chair. On the issue of surface rights a long-standing issue, of course, that I hear about is the matter of field contamination. People have terrible stories where people blame clubroot contamination on people that come onto their land. How does your office work on these issues of contamination or biosecurity? What advice do you provide to companies and to producers on that issue?

Mr. Corbould: Right. Thank you, Member, for the question. If I could start?

Mrs. Littlewood: Yeah. Go ahead.

Mr. Corbould: Okay. I guess it's important to note that we continue to monitor clubroot in our province very closely. We're working to contain the disease and prevent the spread. We have ongoing surveillance of the strains and are also conducting further testing on those strains. We work with partners to promote best management practices, including crop rotation and equipment sanitation, which are important tools to slow the spread of clubroot. We work with the Alberta clubroot management plan and the clubroot guidelines for ag services boards. Although clubroot policy varies between local authorities, at minimum municipalities within the province do adapt management practices from the Alberta clubroot management plan. That's how we provide advice.

I don't know, Peter, if you wanted to add anything on that.

Mr. Dobbie: Sure. Thank you again. To the specific question, what the Farmers' Advocate office does is as follows: we advise farmers and ranchers that when they enter into a surface lease, they should add a clubroot protocol. When I practised law in the '90s, I was able to develop one. It sets out the operating guidelines, so essentially it incorporates by reference what a lot of the rules in place are.

The second thing that we warn farmers and ranchers about is that you can have an agreement, a schedule to your surface rights agreement. It will not prevent clubroot from coming in, and it is very difficult for a landowner to prove the causation. So if you have clubroot that appears where clubroot hadn't been in the past, there may have been some oil and gas or power line activity. You may as a landowner believe that that's the cause, but it's very difficult for landowners to prove.

9:20

The remedy that we've recommended is that landowners seriously consider negotiating taking cropland out of productive capacity where there's activity. I'm pleased to advise that there is a decision of the Surface Rights Board in Lonely Pine Grain Farms and an operator I can't recall the name of where the Surface Rights Board agreed to provide compensation to the farmer for taking productive cropland out of production and putting it into pasture, so for the loss of income on those acres. There are remedies, but frankly it is a problem where causation is so difficult to prove that we warn landowners that the preventative steps are one thing – you should do that – but you will not likely be successful in proving that A caused B. So there are other steps to take.

Mrs. Littlewood: Thank you very much.

On the issue of reclamation the government has been working on getting progress on that. Part of that work has been closing a loophole that would allow officials from companies to walk away from wells without cleaning them up, leveraging a loan from the federal government to the provincial government to provide a \$235 million loan to the Orphan Well Association to accelerate the

cleanup of old wells across Alberta and create jobs. They have launched a broader review of the oil and gas liability system to determine long-term . . .

The Chair: Member, are you making statements on the record, or is there a question?

Mrs. Littlewood: No. I'm just asking a question. I'm just giving some context.

How does your office help producers, after generations of neglect, to access the tools to remediate abandoned wells?

Mr. Dobbie: Thank you again for the question. There is a macroquestion and a series of microquestions. From a policy perspective what the Farmers' Advocate office does is that we do work closely with the Alberta Energy Regulator. We're fortunate to have a very strong working relationship with the regulator. Part of our obligation is to provide feedback and input to the regulator as to areas where there are gaps and areas where there can be improvements. One of our team members is part of the Multi-stakeholder Engagement Advisory Committee. That's a real issue that the regulator is working on and taking seriously.

What we do at our office to indicate what landowners can do is that when an issue arises, we are able to clearly advise them of their rights and remedies. In some cases they will be approached by an operator and might be asked to agree to a surrender of a lease or other things. They don't know what their rights and remedies are. We provide them with that information, which is set out in the statutes and regulations. We act as a resource there. When we identify an issue that appears to have broader impact, we then would produce an advisory. If you look at our website, we have a number of advisories.

From a big-picture perspective the industry is maturing and changing. The oil and gas industry itself is very clear that the issue of remediation needs to be handled better. Frankly, one of the biggest factors that will be determining what will happen going forward will be the decision of the Supreme Court in the Redwater decision as to the paramouncy of bankruptcy legislation and the impacts that flow from that, so we're on standby.

Mrs. Littlewood: Okay. Thank you very much, and thank you for the work of your office. I know the people out there that are producers out on the land need to know that there is someone that is known as a Farmers' Advocate to make that first phone call to, so thank you. Also for the release of that renewable energy document that your office has been providing. I've seen that at the tables that your office puts on at various trade shows, so thank you for that.

I will defer the rest of my time to Mr. Nielsen.

Mr. Nielsen: Thank you, Mr. Chair. Thank you to our guests this morning for coming. Just a couple of quick questions. I want to start, maybe, by directing you to page 5 of the annual report and the negotiation of the new agricultural policy agreement with the federal government to replace Growing Forward 2, which I believe expired this spring, which was mentioned there. What is the status of the Canadian agricultural partnership right now?

Mr. Corbould: Thank you, Member, Chair. The status is that the new agreement was signed on April 1, 2018, by the minister here in Calgary, and it will see an investment of \$406 million over the next five years in Alberta. As I mentioned before, there are six priorities under CAP.

Science, research, and innovation: that's really about helping industry adopt practices to improve resiliency and productivity through research and innovation in key areas.

Market and trade: that's opening up new markets and helping farmers and food processors improve their competitiveness through skills and development, improved export capacity, underpinned by a strong and efficient regulatory system.

On environmental sustainability and climate change we're building the sector to capacity to mitigate ag greenhouse gas emissions, protect the environment, and adapt to climate change.

In value-added agriculture and agrifood processing, the fourth priority, we're supporting the continued growth of the value-added agriculture and agrifood processing sector here in Alberta.

On public trust we're building a firm foundation for public trust in the sector through improved assurance systems in food safety, plant and animal health, stronger traceability, and effective regulations.

Finally, on risk management we're enabling a proactive and effective risk management mitigation and adaptation.

The programs are going to roll out very shortly. They're all in different states of rollout, but we're certainly directing folks to the information that's being provided now so that they can start to apply, and we've had some files start to come through.

Mr. Nielsen: Okay. So are these programs going to meet the needs of Alberta's industries, then?

Mr. Corbould: That is certainly the intent, Member, based on, essentially, the priorities I set out. The negotiations we did for CAP: they're not generic and national; rather, they're being developed based on provincial priorities. The suite of our programs I've talked about, and some of the priorities really support GOA priorities. That's why we signed the agreement and were able to influence the agreement. We also had lots of input from stakeholders throughout Alberta as we did our negotiations for CAP to make sure we heard what they wanted and what Albertans wanted to change going forward, too.

Mr. Nielsen: Thank you.

The Chair: Thank you, Mr. Nielsen.
We'll move on to Mr. Clark.

Mr. Clark: Thank you very much, Mr. Chair, and thank you to our incredible committee clerk, who's already sent around the document that the Farmers' Advocate has been referencing. Thank you very much for your quick work on that.

I would like to talk about key strategy 1.4 on page 19, advocating for a favourable Canada-U.S. softwood lumber agreement. I recognize that we're talking about the '16-17 annual report, so it's a little bit out of date. But we know that trade issues with the United States are a real live issue right now, you know, NAFTA negotiations and beyond. I'm just curious if you could talk a little more about what specifically we're doing. What proactive work have you done to prepare for any potential U.S. trade action in the future, and how have we responded to their trade actions to date?

Mr. Corbould: Right. Thank you very much, Member, Chair. I would say that – and I don't want to go too much into the background – it started in December 2016 with the U.S. Department of Commerce announcing initiation of countervailing and antidumping duty investigations specific to Canadian softwood lumber. The government of Canada has initiated a World Trade Organization and NAFTA chapter 19 appeal process to challenge

the determinations on the softwood lumber. These appeal processes are lengthy, and rulings on the initial determinations are not expected until late 2018 or even 2019.

What we're doing is that Alberta continues to work with legal counsel, industry, the federal government, other provincial governments, and their respective legal counsels to support the appeal process and continue the litigation. That's where we'll deal with what has happened so far and in the past. We're also supporting the development of a long-term softwood lumber agreement and continuing to work with the federal government on the forestry industry to ensure the interests of Alberta's industry are well represented.

I think it's about fighting from a legal perspective what has been done by the U.S. in the past and then working to be very resilient and agile as we move forward with industry and other provincial jurisdictions and the federal government.

Mr. Clark: Do you feel there's anything more we can do, either working with Ottawa or just unilaterally with our existing partners in the United States, beyond the legal side of things on a public relations kind of perspective to help convince home builders in the U.S. or others who'd be negatively impacted by these types of tariffs or trade actions that they would perhaps bring some pressure to bear on their own government?

Mr. Corbould: Thank you for the question. I do believe we are doing more. You know, I talked about some of the trade missions on those. These kinds of things are discussed all the time. Another thing we've done is to initiate a crossministry co-ordination team to really answer those questions that come up with those kinds of opportunities. I know when we have a meeting in the States on anything, this is something that's brought up.

9:30

When we are doing our discussions in the PNWER organization, we bring this up, and there is some direct advocacy, I would say, on behalf of government to producers and buyers in the States and to politicians in the States, in Congress and others, so that they can weigh in on this matter as well and understand what's at stake here in Alberta and to them.

Mr. Clark: Thank you.

I'm going to move on, then, to page 32, key strategy 3.3, "support the development of innovative processes and technology applications to transform agriculture and forest biomass and waste streams into renewable energy and value-added products," obviously a laudable goal. But I'm curious why there are no performance measures or outcomes for this, and if you can report to us what the carbon and energy impacts have been of these strategies to date.

Mr. Corbould: Sorry, Member and Chair. Can you just refer me to the page again?

Mr. Clark: Page 32, key strategy 3.3.

Mr. Corbould: So performance measure 3(c), and you're asking about . . .

Mr. Clark: Key strategy 3.3, in the middle of the page there. It appears there are no performance measures or outcomes related directly to key strategy 3.3. Can you speak to what the outcomes in terms of energy impacts and carbon offsets have been as a result of that key strategy?

Mr. Corbould: Right. Yeah. That key strategy is certainly a part of the greater outcome 3. In terms of outcomes it's about supporting Alberta's agriculture and forest industries and environmental responsibility and sustainability.

The Chair: Can you respond in writing to that question?

Mr. Corbould: Yes, for sure.

The Chair: Mr. Gotfried, please.

Mr. Gotfried: Thank you, Mr. Chair. I'll move quickly into this. Thank you to our presenters today for being here. Referenced earlier – I think it was either by Mr. Dobbie or Deputy Minister Corbould – was a gap between renewable and nonrenewable regulations and perspectives for landowners and that there was a study ongoing with that. Would it be possible for us to get the results of that study?

Mr. Corbould: Peter, can you respond, please?

Mr. Dobbie: Thank you. I may have misspoken. It's not a study. What our office, the Farmers' Advocate office, has done is that we've identified that given that there is no Surface Rights Act remedy and order situation available, it's analogous to gravel development, in our view, in terms of long-term impact on land, what can and should be done with reclamation. My understanding is that the Department of Alberta Environment and Parks is assessing whether or not a reclamation certificate process should be required and whether or not security should be provided for that. Our input to them has been: we believe it's in the interest of farmers, ranchers, and landowners that such a security be provided.

Mr. Gotfried: If you do develop something like frequently asked questions, I'd ask you to share that with us for landowners as well as agricultural producers.

Mr. Dobbie: Thank you, and I'll make a note that we will monitor that.

Mr. Gotfried: Thank you very much.

To the deputy minister I have a quick question. We met with the Canadian Energy Pipeline Association some weeks ago, and one of my questions to them was: had they reached out to the agricultural community as, really, a primary advocate for pipelines in that capacity that can be freed up by moving bitumen onto pipelines would actually be of probably maximum benefit to the agriculture and forestry sector? Have you as a department reached out and worked with your ag and forestry sector to be strong advocates for the pipelines for Alberta and Canada?

Mr. Corbould: Thank you, Member and Chair, for the question. The answer is that, yes, we do talk about pipeline issues. I've recently met, as I've come into the department, with almost all of the forestry companies now, and I can assure you that market access is always a topic of discussion, not just for oil and gas but for forestry in particular and for grain. It kind of comes up at almost every discussion about market access in general, and what I hear from a lot of these companies is that they are very supportive of what Alberta has done on Trans Mountain, in particular, to gain that market access.

Mr. Gotfried: Is there a formal coalition that's being formed?

Mr. Corbould: I don't know of a formal coalition on the forestry side. We are talking to forestry companies about working through

a system where we could advocate on all their issues, but there's nothing formal, to my knowledge. But, you know, between AFPA, FEA, and ACR, those are three entities in Alberta that are working strongly and have strong forestry entities in them, and they're advocating for pipelines, for sure.

Mr. Gotfried: Maybe I would say that I hope that the next time we meet, you will have a formal coalition that will do that.

I'm going to move on to my next question, with respect to trade missions. You mentioned that there had been several trade missions, I think, to the Middle East and to India and China. Could you tell us if there are any specific contracts, not just relationships but specific contracts, that have been signed during the activity undertaken in those missions?

Mr. Corbould: I don't think I would get into very specific contracts such as which company signed a contract and with whom – that's all up to them – but we certainly can undertake to get you the number of contracts.

Mr. Gotfried: I don't need the company names. I think just the volume and what the product is would be more than sufficient.

Mr. Corbould: Yeah. That is an outcome. It's something that we measure. We don't just measure leads. We measure, you know, actual contracts and specific sorts of business relationships that are formed. We can certainly undertake to get that information.

Mr. Gotfried: Great. I'm a big advocate for that outreach. Please keep up that good work.

I have a question with respect to turnaround for product requests or information from potential foreign buyers. I use an example that was brought to me by a Taiwanese group. They were very interested in seeking out beef tendon and had called your department, prior to your tenure there, asking for some outreach and some connections and, really, did not even get a return phone call. What are your timelines in terms of turnaround for such requests?

Mr. Corbould: Thank you for the question. I'd be interested to hear more about this particular circumstance. I'd be happy to follow through and find out.

Mr. Gotfried: Absolutely.

Mr. Corbould: Generally what I'm seeing in the department – I've been here for about two months now – on calls like that is a turnaround reply to the initial call within, I'd say, 48 hours to a week at the most. I do review what we call these interactions. Whether they're phone calls or not, we're responding within a week.

Mr. Gotfried: Great. Thank you, Deputy Minister.

The Chair: Thank you, Mr. Gotfried.
Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair, and thank you for being here this morning and giving us the opportunity to ask a few questions. Does AFSC have any plans to measure the impact its lending program has on rural economic development and the incremental benefit it provides?

Mr. Corbould: Thank you, Member and Chair, for the question. The short answer is yes, but I would like to hand it over to Darryl to provide a bit more information.

Mr. Kay: Thank you for the question, Member. Yes, we're very proud of the impact our lending program has on rural communities. We have a total lending program of almost \$2.3 billion. Ninety per cent of that relates to other agricultural producers or commercial loans in rural communities.

I can say that we do track the number of loans, the authorized dollars, and the total project dollars in rural locations. I don't have that information in front of me today, but I can provide that. We also track a number of statistics in terms of jobs maintained, jobs created. Again, when we're looking at value-added and agribusiness and some of the commercial loans we write in rural communities, we know we make a significant impact in terms of job creation and economic diversification. We do try to track that information because it's very meaningful. We can provide that as well.

Mr. Corbould: The one thing I would add to that, Chair and Member, is that we're seeing the demand go up for AFSC's services. That itself is a measure as well, because more people are wanting and needing AFSC's services to do start-ups and get new things going.

Mrs. Schreiner: Well, thank you for that.

Related to this, does AFSC have any examples to illustrate how their lending program has led to economic growth and diversification in rural Alberta?

Mr. Corbould: Thank you, Member and Chair, for the question. We do have some examples of how businesses that are located in rural locations are sourcing feedstock from Alberta producers, and these are directly associated with some of AFSC's work. One example is Radient Technologies. It converts renewable biomass feedstock into high-value natural ingredients for use in pharmaceuticals. BioNeutra North America is focused on developing and manufacturing products for food and beverage companies operating in both mainstream and functional food and beverage markets. The Wild Rose Brewery, a craft brewery distributing here in Alberta; Aliya's Foods, a producer of East Indian ready meals exported throughout North America; Kinnikinnick Foods, a producer of celiac food products exported throughout North America; Vanderwell Contractors; Slave Lake sawmill, wood biomass energy generation; and Origin Malting Company, a start-up malting facility and taphouse located in Strathmore: some good examples of that diversification and work that AFSC has supported.

Mrs. Schreiner: Thank you. I appreciate that.

The budget for the livestock and meat strategy was \$24.7 million while the actuals for fiscal 2016-2017 were nil due to the dissolution of ALMA in 2016. Does the department still expend amounts related to a livestock and meat strategy, and if so, where are those expenses reflected, please?

9:40

Mr. Corbould: Thanks very much, Member, for the question. The answer is that, yes, we do still fund those. What would have been under ALMA in previous budgets is now under three different categories in the budget. They are ministry support services, to the tune of \$2.9 million, which essentially deals with the staff and services required to do that work. There is another part of it in the line item agriculture policy and economics, to the tune of \$181,000, and then industry development, \$18 million, for a total of \$21,830,472. So it's in those three different line items now in the budget, and then, of course, you'll see the ALMA line go down to zero. A slight decrease from what was \$24 million but still providing all the right services.

Mrs. Schreiner: Well, thank you.

One more question: what is the department's role and how does the department work with CFIA and AHS when an outbreak such as E coli is identified and being investigated?

Mr. Corbould: Thank you very much, Member and Chair, for the question. The department's role is one, really, of co-ordination and integration with CFIA on these activities. It's important to note and understand the different jurisdictional accountabilities in both the federal government and the provincial government. We work very closely with CFIA. In fact, I've met with the president of CFIA quite a lot to discuss some of these issues. We're very well integrated at all levels of government and with industry.

The Chair: Thank you very much.

Dr. Swann, you have four minutes, sir.

Dr. Swann: Thank you. Thank you, ladies and gentlemen, for joining us today. I have been on the issue of chronic wasting disease for some years, and I'm wondering if the Canada-Alberta partnership has got that on its radar. BSE devastated our industry 15 years ago. CWD is a prion that actually contaminates the environment. It's now been identified growing in plants and contaminating the surface of grain. Surely, in terms of our international markets there must be concern about the safety of some of our exports. It's been written up in the *New York Times* as a potential concern for international markets. Is our liability associated with CWD and our agricultural exports on the radar for you folks and for the CAP?

Mr. Corbould: Thank you, Member, Chair. The answer is absolutely yes, it is on the radar. We've talked quite often both with Environment and Parks and, I know, with this department about CWD and the testing that's required and the enhanced testing that's required in recent years. It was very much in terms of how the government of Alberta negotiated CAP, that being one of the many things that was in mind, I would say, under science, research and innovation, markets and trade, which are the first priorities, and under the fifth priority of CAP, which is public trust, I think we've really thought about things like CWD and other things as well and how they can be enhanced and how the work on CWD could be enhanced by some of that partnership.

Dr. Swann: Have you talked about a national approach to controlling CWD and reducing the risk of international boycotts on our agricultural products? We don't have yet, as I understand it, a national approach to controlling it. It's piecemeal. It's by province. It's hit and miss. The CFIA recently said that it should be a voluntary testing program. They've kind of thrown up their hands. It worries me that we haven't actually taken this as seriously as we might.

Mr. Corbould: To answer the question "Have we talked about national approaches?" I was at my first FPT recently on the ag file. This was talked about, and a comparison of jurisdictions was talked about, but certainly there are no plans, that I'm aware of, at this point for a pan-Canadian approach to CWD. Having said that, there are a lot of jurisdictional reviews, and comparisons are a topic that comes up. I also recently met with the prairie DMs, and this was one of our topics and how we were responding to it.

Dr. Swann: I'll leave it to you. I hope it will become a higher priority nationally and interprovincially.

To the Farmer's Advocate. Drinking water contamination has been a concern over the years with drilling and industrial activity.

Can you tell us how many complaints you've had of water concerns by farmers in the last couple of years? When you have a complaint of potential water contamination, do you do gas as well as chemical analysis to determine whether it's a natural or an industrial contamination?

Mr. Dobbie: Thank you for the question. Our office actually does not receive very many or any calls in relation to actual contamination of wells. There is a system in place through Alberta Environment and Parks that manages that portion of the file. What we have dealt with over the years is water well productive capacity lost from oil and gas related activities or allegations of oil and gas related activities. I am pleased to report that with some of the input from our office the industry standard has changed to have the industry do pretesting of those wells for productive capacity before work, so the issues themselves really are uncommon.

The Chair: Thank you, Dr. Swann.

We'll now move on to the questions read into the record section. We have three minutes for that. If we could start with Mr. Gotfried.

Mr. Gotfried: Thank you. Which key target markets have Alberta Ag identified for export expansion or new market penetration by major agriculture export commodities, and has a competitive analysis been done to determine the market share potential based on our shared production capacity and our current performance or share in these key markets?

Dr. Turner: A question about antimicrobial resistance. A number of workshops, a framework, and an action plan have been developed in relation to the risk of antimicrobial resistance. Are there measures to determine whether these actions undertaken are working?

The Chair: Okay. Mr. Clark, do you have a question?

Mr. Clark: Yes. Thank you. Page 34, key strategy 4.1, about enhancing lending to facilitate the success of new entrants and intergenerational transfers. How many closures or consolidations of farms, ranches, et cetera, did your lending efforts prevent in this reporting period?

The Chair: Mr. Barnes.

Mr. Barnes: Thank you. Outcome 3, agriculture and forest industries. For agriculture, what are the department's key targets and outcomes expected from the department's irrigation strategy?

The Chair: Mrs. Schreiner.

Mrs. Schreiner: Thank you. I'm referring to the OAG outstanding recommendations. What are the most significant changes AFSC has made in response to the recommendations?

Mr. Clark: How many intergenerational transfers did your lending facilitate, in which communities and regions, and for which types of operations?

Mr. Gotfried: Have you done an analysis on our major competitors in those key export markets noted, the relative strengths and weaknesses and any competitive advantage or performance strengths that we can analyze and learn from, and what analysis has been done of our key raw export products, particularly beef, pork, grain, and legumes, to determine viable high value-added processing opportunities?

The Chair: Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. I understand that there have been substantial overhauls of AFSC over the last few years in terms of personnel and accountability. Could AFSC tell us how they have strengthened internal controls and accountability after the minister revealed that the previous government had allowed a culture of entitlement to take hold at the corporation?

The Chair: Dr. Swann, do you have a question?

Dr. Swann: Yes, one quick one. Given the reversal in the logging practice on the Highwood pass in the past year, has that influenced your policy regarding logging permits in relation to the value of recreation, tourism, and public access for future developments?

The Chair: Thank you, Dr. Swann.

I would like to thank the officials for attending today and for responding to the members' question. We ask that the responses to any outstanding questions from today's meeting be provided in writing and forwarded to the committee clerk within 30 days.

Moving on to other business, the joint Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors 2018 conference is scheduled for September 23 to 25 in Charlottetown, P.E.I. The approved committee budget covers the costs for four attendees. It has been the general practice of this committee to send the chair, the deputy chair, a committee researcher, and the committee clerk, and the committee has also identified two or three alternates should any approved delegate be unable to attend.

I will open the floor to discussion.

9:50

Mr. Hunter: So you're asking for people to put their names forward if someone cannot go?

The Chair: As an alternate.

Mr. Hunter: As an alternate. I would like to do that.

The Chair: Okay. Bear with me. We'll follow through with the rest of my notes here, and we'll get to that part.

We have a suggested draft motion for the committee's consideration, that

the Standing Committee on Public Accounts approve the attendance of the chair, the deputy chair, the committee clerk, and the committee researcher at the 2018 CCPAC and CCOLA conference in Charlottetown, Prince Edward Island, from September 23 to 25, 2018, and that select members be identified as alternates at a later date in the event that any approved delegates are unable to attend.

Would a member like to move that?

Mr. Gotfried: So moved.

The Chair: Mr. Gotfried. Any discussion on the motion?

Mr. Malkinson: Just a quick question, Mr. Chair. Would we be doing the alternates right now, or could we send those to you at a later moment?

The Chair: I will deal with that shortly, sir, if that's fine.

Mr. Malkinson: Okay.

The Chair: Is there any further discussion?

Okay. All in favour? Any opposed? Thank you.
That motion is carried.

Members wishing to put their names forward as alternates for the conference can do so via e-mail to the committee clerk by the end of June. A draw will be held if more than three members put their names forward.

Are there any further items for discussion under other business?

Mr. Gotfried: Sorry. When you said more than three, did you mean more than two?

The Chair: More than three.

Mr. Gotfried: Okay.

The Chair: Okay. If not, the date for the next meeting: the committee meets tomorrow night, June 6, at 6:15 to 7:15.

Would a member move that the meeting be adjourned?

Dr. Turner: So moved.

The Chair: Dr. Turner. All in favour? Any opposed? Carried.

Thank you very much.

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

