



Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee
on
Public Accounts

Agriculture and Forestry

Tuesday, May 5, 2020
8:30 a.m.

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**Legislative Assembly of Alberta
The 30th Legislature
Second Session**

Standing Committee on Public Accounts

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Gotfried, Richard, Calgary-Fish Creek (UCP), Deputy Chair

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Standing Committee on Public Accounts

Participant

Ministry of Agriculture and Forestry
Andre Tremblay, Deputy Minister

8:30 a.m.

Tuesday, May 5, 2020

[Ms Phillips in the chair]

The Chair: All right. Seeing that it is 8:30, we are going to now begin the Standing Committee on Public Accounts meeting, most of us by video conference, here today. Welcome to everyone who is in the room, and welcome to everyone who is on Skype for Business. Hopefully, this will work. We think that it probably will.

A big thanks again to all of the LAO staff who have made this possible. They've worked really, really hard, and we're one of the best examples in the country of how to do legislative committee business during the coronavirus pandemic. That has everything to do with the folks that are working behind the scenes so hard so that we can all do our jobs. I really appreciate all of their efforts.

My name is Shannon Phillips. I'm the MLA for Lethbridge-West. I'm the chair of this committee, joining you here from Lethbridge-West. Ordinarily I would suggest going around the committee table for all participants to introduce themselves, but with participants joining us through various methods of communication, I'll note for the record that the following members are present via video conference or teleconference. We have members video conferencing: Dach, Member Rosin, Renaud, Hoffman. Members teleconferencing: Barnes – oh, no. I actually see that video conferencing Member Rowswell is there. Hello. Welcome. Other members present are Gotfried, Guthrie, Member Reid as well. I will note for the record that there are no substitutions to date to my knowledge. I will update the committee if that changes. I don't think that it will.

We also have the Auditor General staff joining us here today. We have Doug Wylie on video conference. We have Eric Leonty as well on video conference. Members, if you go up, you can look at either speaker view or you can look at gallery view to see the full number of people who are in the meeting.

From the Legislative Assembly Office we have staff present in the Federal Building. We have Philip Massolin, clerk of committees and research services, and as always we have our steadfast pilot of this particular adventure, which is Aaron Roth, our committee clerk.

We also have, then, via teleconference officials from the Ministry of Agriculture and Forestry, and I will confirm that when they come up, we'll make sure that we can see them. We have officials from the Ministry of Agriculture and Forestry, as I said. We have the Irrigation Council, the Agricultural Products Marketing Council, and the Agriculture Financial Services Corporation. We also have ministry officials from Agriculture and Forestry present via teleconference: Andre Tremblay, who is the deputy minister; Darrell Dancause, assistant deputy minister in the strategy, planning, and governance division of that department; Mr. Darryl Kay, who is the chief financial and innovation officer from AFSC; and Mr. Bruce Mayer, who is the ADM of forestry.

A few housekeeping items to address before we turn to the business at hand. I just note for the record that MLA Miranda Rosin has joined us by teleconference, phone conference, instead. Her Internet was quite slow, so she is now attending the meeting by that method of communication.

First I would like to ask that all members participating via video conference or teleconference ensure that your microphones are muted unless you are recognized to speak, obviously. Once you unmute your microphone, just wait a little second or two before speaking to make sure that our audiofeed can capture what you are saying as you begin. Please mute your notification alerts from electronic devices. They can be distracting when your microphone

is unmuted. I think I am the chief problem on that. I'll figure out how to do that as well for the Skype chat box.

Please avoid typing or texting while speaking. Please look into the camera while speaking. If you wish to be placed on the speakers list, please utilize that group instant message that we were talking about, created by the committee clerk. Please remember that all members on the group chat are able to see what you type. If you need to send a private message, you can do so. You can create a separate chat window. You can text or e-mail or do whatever you would normally do.

If you wish to abstain from a recorded vote, please send the committee clerk a private instant message, e-mail, text. He is on all of the methods of communication, and he will be able to see that message.

Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. Our audio- and video stream, our transcripts of meetings can be accessed via the LAO website as always.

We'll now move on to approval of the agenda, members. Are there any changes or additions to our agenda? Seeing none, I'm looking for a member to move that the agenda for the May 5 meeting of the Standing Committee on Public Accounts be approved as distributed.

Mr. Gotfried: So moved.

The Chair: I saw, I think, Member Hoffman and someone else saying "So moved." We'll go with Hoffman because that's the one that I saw.

Is there any discussion on this motion? Before the committee votes, I will ask all members to unmute your microphones. All in favour? Are there any members opposed? I'll just move now over to the members on the phone to give you a chance. Thank you. The motion is carried. Members, please remute your microphones.

We'll now move on to the approval of our minutes. Members, we have minutes from our meeting on April 27. Do members have any errors or omissions to note in regard to those meeting minutes? If not, would a member move that the minutes of our April 27 meeting of the Standing Committee on Public Accounts be approved as distributed?

Mr. Gotfried: So moved.

The Chair: Okay. Thanks, Richard.

Is there any discussion on this motion? Before the committee votes, I'll just ask you all to unmute your microphones, then. All in favour? Members on the phone? Thank you. That motion is now carried. Let's all now remute our microphones.

Now we'll move on to our business of this morning's meeting. The Ministry of Agriculture and Forestry, AFSC, Irrigation Council, and the Agricultural Products Marketing Council have joined us here this morning. I'd like to welcome you in our deliberations on the office of the Auditor General's outstanding recommendations as well as the ministry annual report from 2018-19. I'll now invite officials from the ministry and their various authorities that have joined us here today to provide opening remarks not exceeding 10 minutes. Please, friends, you have the floor.

Mr. Tremblay: Thank you very much, and thanks for accommodating us on conference call today. I know that there were some issues with interconnectivity of video conferencing yesterday, so we really appreciate that accommodation. My name is Andre Tremblay. I'm the Deputy Minister of Agriculture and Forestry. It's my pleasure to meet with the Standing Committee on Public

Accounts to discuss Agriculture and Forestry's 2018-2019 annual report. We're also going to discuss the annual reports for AFSC, the Alberta Agricultural Products Marketing Council, and the Irrigation Council. As MLA Phillips mentioned, I have Darrell Dancause here, ADM, strategy, planning, and governance division; Darryl Kay, chief finance and innovation officer for AFSC; and Bruce Mayer, ADM, forestry division.

With that, I'm happy to talk about highlights from our work as a ministry in 2019. Throughout the year Agriculture and Forestry continued to focus on a number of core programs, including wildlife management, research and innovation, improved market access, diversification, environmental stewardship, value-added industry development, and food safety. The ag sector is a valuable contributor to the provincial economy. The sector continues to be vibrant and growth orientated in Alberta and will be critical to our economic recovery moving forward.

Alberta's 2018 food and beverage manufacturing sales stood at \$13.6 billion, down 4 per cent over the record of \$14 billion in 2017. Alberta exports go to 137 countries world-wide, with total agrifood exports reaching a record \$11.6 billion in 2018. We remain the largest beef producer in Canada, with more than 40 per cent of the national herd and 75 per cent of that meat processing for beef in Canada.

8:40

Alberta is also a key contributor from a crop perspective. Our crop market receipts totalled \$6.4 billion in 2018. Almost a third of Canada's wheat and canola as well as nearly half of the nation's barley is grown in Alberta. This is all driven by an incredibly diverse and thriving workforce of over 75,000 people employed in 2018 within the ag sector. That is about 49,000 Albertans working in primary agriculture, so crops and livestock, and 26,000 in food and beverage manufacturing.

Forestry is equally vital to the provincial growth for the province and future viability of the province. Forestry is Alberta's third-largest resource industry, behind oil and gas and agriculture. Alberta forest product manufacturing contributed \$2.2 billion to the GDP in 2018. From Edson to Whitecourt to Fort Chip more than 70 Alberta companies rely directly or indirectly on the forestry sector. In 2018 the sector directly supported over a thousand businesses and employed 40,000 individual Albertans, so a significant employer within the province.

In addition to providing information about the department's core programming, I'd like to share details about our work to meet recommendations from the OAG. In October 2016 the office of the AG made recommendations for AFSC. These recommendations have been implemented, and the Auditor General has started follow-up work on them, with the final report being available to management at the end of this month.

The first recommendation was that AFSC

- clearly define the strategic objectives of the lending program [they deliver]; these objectives should be consistent with AFSC's legislative mandate
- ... articulate the credit needs of the [ag] sector in Alberta, which should drive its lending activities
- develop a process to periodically re-evaluate the relevance of the lending products it offers to ensure they continue to be relevant.

In the summer of 2017 a market assessment to determine credit needs for primary agriculture, food processing, manufacturers, and commercial enterprises was completed. Results indicated a continued need for AFSC to deliver financial services, filling gaps left by other providers, including beginning farmers, value-added agriculture, and agribusiness.

In the fall of 2017 the results were used to inform the new AFSC lending mandate, which defines clear strategic objectives for the lending program. The minister of agriculture approved that lending mandate in January 2018. AFSC also completed a review of its lending programs to ensure that they were relevant and aligned with the new lending mandate. AFSC lending programs now focus on supporting new, young, and developing producers and value-added agriculture and agribusiness. These changes were implemented in October 2018.

AFSC is required to complete a market assessment every two years to evaluate this new framework. As a result, a second market assessment was completed in August 2019 and confirmed the need for AFSC to continue to lend with the lending targets identified in their mandate. In general participants had a positive opinion about AFSC's current lending mandate and loan programs and felt that AFSC was fulfilling its role in the marketplace. AFSC has also finalized a lending product governance policy, which lays out frequency of reviews for LPGP mandate, programs, policies, manuals, and all aspects of the program's delivery.

The second recommendation was that "the Department of Agriculture and Forestry and the board of directors of [AFSC] clearly define the oversight responsibilities of both parties for the lending program." AFSC finalized a new mandate and roles document in September 2016. The document must be reviewed upon appointment of a new Minister of Agriculture and Forestry or the appointment of a new chair of the board of directors for AFSC or every three years. As a result, a revised mandate and roles documents was approved by the board in November 2019 and signed by all parties in December 2019.

AFSC has implemented new and strengthened reporting processes, including a risk rating system for all new loans. This enhancement allows the board of directors and the executive risk management committee to assess AFSC's portfolio risk at any time and to monitor and track changes in the overall health of the lending portfolio over time. A risk rating and trends model, policy, and procedures that enable the board risk management committee, executive management committee, and AFSC management to have an understanding of the overall risk of the corporation's lending portfolio are also in place. It also assists management in being proactive in risk oversight of individual borrowers' transactions.

The third recommendation was that AFSC develop a product-specific government funding tool, a costing system capable of allocating, tracking, and reporting product-specific costs. The funding and costing model has been developed. The revisions and new assumptions will be in place to prepare the funding and costing model for the fiscal year 2019-20 and all future years.

The fourth recommendation was that AFSC set up an independent function to monitor the performance of the loan portfolio. AFSC has implemented organizational changes to separate ownership of lending policy from the operational users of the lending policy. In February 2018 a lending product manager role was created to oversee and monitor the performance of AFSC's lending products and the lending portfolio. This position is independent of lending operations.

The Auditor General also made some recommendations for wildfire management within Agriculture and Forestry in 2018. A detailed implementation plan was provided to the OAG in May 2019. These recommendations will be fully addressed by September 30, 2020. The first recommendation is for the department to publicly report on its FireSmart programs, including how this work helps reduce wildfire hazard and risk.

A second recommendation is to ensure that there are processes in place to measure, monitor, and report on the results and effectiveness of the various activities set out in the forest areas'

annual wildfire prevention plan. Agriculture and Forestry produced an annual report that provides information on FireSmart initiatives. The report was posted on the external website in December 2019. The department has developed a standardized wildfire prevention plan for use by the wildfire branch within the department. The results will be reported annually, starting in 2020.

The second performance auditing recommendation that the Department of Agriculture and Forestry has is to comply with the established business rules for internal results reporting for the review and improvement of the program and to establish and monitor implementation timelines, recommendations, opportunities for improvement from independent external reviews and publicly report implementation progress against these. Agriculture and Forestry developed a framework to monitor and report on the implementation status of all outstanding recommendations from the 2015 and 2016 external reviews. [A timer sounded]

The Chair: Thank you, Deputy. It's possible you couldn't hear the little beeper there, but that is the 10 minutes. We will get, I'm sure, to the rest of the recommendations around wildfire management. I want to thank you for the comprehensiveness of your introductory remarks and thank you for all of the work, in fact, that the department is doing right now – I didn't say that at the outset, but I know that we all share that, all of the members on this committee and throughout the Legislature – for the hard work that all of our public servants are doing right now through this pandemic and this emergency. So thank you, Deputy, for that.

I'm going to turn it over now to the Auditor General, Doug Wylie, for his introductory comments. Mr. Wylie, you have five minutes. Aaron is going to start the timer now.

Thank you.

Mr. Wylie: Good morning, everyone. It's great to be with you again, and it's great to have the Public Accounts Committee up and running.

Before I begin, I'd like to . . .

The Chair: Mr. Wylie, if you wouldn't mind enabling your video if you can. I'm not sure if you're able to.

Mr. Wylie: Okay. I'll try that. Sorry, Chair.

I'd like to first acknowledge that on the line as well we have Eric Leonty, who's the Assistant Auditor General, who had oversight for all of the work at the ministry. In the background we also have Fouad Kamel and Pamela Hlewka, who were the principals involved at work in the ministry. So I'd like to acknowledge them, Chair, before we begin.

Let me say that I'm very pleased with what I believe is going to be some real improvement resulting from the work that our office did, as the deputy was referring to, and the work that the department and AFSC staff are working on right now with respect to moving forward and implementing those recommendations. I do believe that there will be real value added by our ability to work together to improve the processes that the deputy was describing.

8:50

I can confirm that we are doing the audit relating to the 2016 recommendations that the deputy was referring to. We will be reporting through management later this month, and we will be publicly reporting the results likely this fall to the Legislative Assembly. I can confirm that we will also be following up on the work on the wildfire management program, the audit that we did, as soon as the department indicates that that work is fully implemented.

I know that there has been progress made, that the deputy was referring to, but once the implementation has been completed, we'll go in and do that follow-up work. My sense, committee members and Chair, is that, as I said earlier, I think the department and AFSC have moved forward with really striving to improve the elements of the processes and the programs that we identified, and we look forward to finalizing our follow-up work and reporting publicly on that.

I'll stop there, Chair, and turn the rest of my time back to the committee members. Thank you.

The Chair: Thank you, Mr. Wylie, for those introductory remarks.

We'll now proceed to questions from committee members for our guests. As a reminder of our questioning rotation, the first and second rotations will be 10 minutes each, for the Official Opposition first and then the government members second; our third rotation is then five minutes each for the Official Opposition and for government members; and then our final rotation provides three minutes of speed questions each, for opposition members followed by government members to read questions into the record for follow-up answers from the ministry or from the delegated authorities or others that have joined us here today.

I will now open the floor to questions from members. Looking first to the Official Opposition side, I believe I have Member Dach to begin. Please, sir.

Mr. Dach: That's correct, Chair. Thank you very much, and good morning and welcome, everyone, to this rather special meeting taking place by technological means. We're doing so in a time frame that is really unique in Alberta and throughout the world, with this pandemic ongoing. As Mr. Tremblay did indicate, Agriculture and Forestry will have to sort of lead the way as part of our economic recovery and will be playing a special role in doing so, and I look forward to the guidance of officials in ensuring that that happens over time.

One of the things that I wanted to focus on specifically with respect to the 2018-2019 report was something that was in existence last year at that time, and it has to do with forest fire fighting and, in particular, the rap program, an issue, of course, that has come to the forefront over the last few days. We know we're back in forest fire season again, and of course Albertans are concerned, with the pandemic ongoing, that we are prepared to fight forest fires in the very best ways possible. I wanted to make sure I get things sorted out with respect to that rap program and how we're prepared right now as a result of its disappearance, because, of course, it was discontinued. There have been some inconsistencies as to how widely used this program was in the suite of tools that was available to Alberta Wildfire. For the benefit of the public listening in, I'd like to get some clarity here. Can you or an official describe exactly what these rappel firefighters would do on a wildfire? Are they first in or last out? Do they help with urban interface situations? What was their role?

Mr. Tremblay: Thank you for the question, MLA Dach. The rappel program decision was made to discontinue that program. I think it's important to understand that program within the overall context of how we fight fires. The rappel program was a program that was used to deploy firefighters close to a fire site. The rappel program is pretty descriptive: you have firefighters rappelling down from a helicopter. But, at the end of day, based on an overall evaluation of all of our programs, it was decided to discontinue it because it was only used in less than 2 per cent of the entire kind of wildfire fighting that we would do in a year.

Ultimately, we still move personnel via helicopter. It's still a very important part of our overall strategy to fight wildfires. We still have a hundred contracts with helicopter companies within Alberta, and we still mobilize firefighters through helicopter and through the air very close to fire sites. We don't feel that the rappel program will diminish in any way our ability to get to a fire site in a timely fashion.

We do have firefighters that are trained in managing fires close to urban settings. Sometimes those individuals are mobilized via helicopter. Ultimately, B.C. and ourselves were the only two jurisdictions left that had the rappel program. We evaluate our operations annually, and we felt that, based on all of the other things that we do, either mobilizing firefighters with vehicles or on the ground or through the air with our helicopter contracts, there would be no diminishment of how we manage wildfires on the ground moving forward.

Mr. Dach: Thank you for that answer.

I do need some clarity here. With all due respect, there's a fair bit of debate still ongoing about whether or not forest fire fighting capacity is diminished as a result of the elimination of the rap program. But what I wanted to get at with respect to the usage of this group of firefighters, especially trained rap firefighters, is that the minister has said in the past that firefighters rappelled into less than 2 per cent of wildfires, yet ADM Mayer wrote in an e-mail on November 8 that this group was deployed to 100 fires, of which they rappelled into 23 per cent. So, with all due respect to the public servants here, which is the truth? Is it 2 per cent or 23 per cent of the time?

Mr. Tremblay: Thanks for that question, MLA Dach. We had a connectivity issue here.

For rappel firefighters, they receive a series of different training. Those firefighters could be deployed on the ground, through a vehicle, or through a helicopter deployment. Those individuals were used as rappel firefighters for 2 per cent of our total wildfire fighting. However . . .

Mr. Dach: Pardon me for interrupting, sir, but my point is that if that 2 per cent statistic is discussing all fires in the province, why would that be relevant to a group that only fights wildfires?

Mr. Tremblay: I want to give you a second stat, MLA Dach, and I think it might help a little bit. The 2 per cent is accurate in terms of total wildfires for when rappel firefighters were actually deployed. So within that 2 per cent, when rappel firefighters were deployed, for 23 per cent of that 2 per cent they rappelled out of a helicopter. ADM Mayer is accurate within the context of that 2 per cent. Because rappel firefighters are so advanced in their training and they have an opportunity to be deployed in different ways – actually, many of those rappel firefighters are still in our employment in different programming. But for that particular function, if you looked at the 2 per cent of the fires that rappel people were deployed to, for 23 per cent of those fires they actually rappelled out of a helicopter.

I hope that provides some better clarification.

Mr. Dach: Thank you for that.

Now, my point and what I'm driving at is that the decision to eliminate this program was made based on past performance of the rap program, you know, possibly the year preceding that decision, 2018-19, which is the year in question. I'm just wondering: what evidence did the department have that the rap program was not money well spent? What evidence shows that they didn't perform well and that they didn't as a preventative measure perhaps prevent

wildfires from becoming much bigger than they were? As I understand it, their role was to go in at first notification of a fire and put it out quickly before it reached more than one hectare in size or burned for more than one 24-hour period. I think the savings, if I'm not incorrect, were \$1.4 million by getting rid of this program. I'm wondering: how many fires that got out of control and perhaps got into an urban area would you have to prevent to save \$1.4 million?

9:00

Mr. Tremblay: I really appreciate the conversation and the question. It's one of these situations where, in a dynamic program like Alberta Wildfire, obviously, we have to fight fires but do it in the most cost-effective way possible within the context of our budget. What we do every year, based on a wide array of wildfire scenarios: we analyze how we've deployed our resources in those specific situations to do a cost-benefit analysis of what is the best way possible to deploy firefighters as close as possible to the fire site. We felt that there were other parts of our aerial personnel mobilization program that got the same results but did not impact our budget as significantly. You know, obviously, with wildfire you have bombers, you have helicopter drops, and you have personnel movement. There's a multitude of different types of components. An example . . .

Mr. Dach: Of course, Mr. Tremblay. Pardon me for interrupting.

Mr. Tremblay: No worries.

Mr. Dach: I guess one of things that concerns me is that we saved \$1.4 million by eliminating this program, and 63 of those rap firefighters were gone. Half of them, maybe, have been re-employed back into the department. A number of them were snapped up by British Columbia because they're well-trained firefighters, I think eight of them at least. Yet now this season we've spent – what is it? – half a million dollars to train 200 new firefighters when we just got rid of 63 or got rid of this spearheaded attack. Anyway, you can tell that it's a pet peeve of mine.

Let's move on, if you don't mind, a little bit more into the annual report, key strategy 2.1. It talks about refining and improving upon Alberta's wildfire management program, and of course the department has lots of suggestions on how to do this as there have been major reviews done after the Slave Lake fire in 2011, the Flat Top fire, and the 2015 wildfire season.

The Chair: Member Dach, your time has elapsed.

I'll just, you know, remind people in case you don't hear it when you're speaking. Also, I will tell members that in the chat box Aaron is helpfully putting when you have five minutes, two minutes, 30 seconds, so if you are in the middle of a rotation, you can refer to that as well to kind of know how much time you have.

The only other piece of business that I will just share with folks is for anyone who's on the phone. We would appreciate it if you could identify yourself before you begin speaking for *Hansard* and for the benefit of us, too. I think that I know most of your voices but not all, so that would be helpful as well.

I'm looking here at – we have now a 10-minute rotation for the government side. Member Gotfried, I'm just going to confirm that your speaking order is Member Rowswell first.

Mr. Gotfried: That's correct.

The Chair: Okay. Member Rowswell, please begin with the 10-minute rotation.

Mr. Rowswell: Okay. Thank you very much. I want to focus on the AFSC. Your report highlights that the experience has been pretty

positive through your surveys. I'm just wondering: how were the surveys done? It said in there that an 11 per cent response rate is what you wound up with on the surveys, so I'm just wondering how they were done and if you feel like that gives you a clear picture of how farmers view your products.

Mr. Tremblay: Thank you very much. It's Andre Tremblay again. Sorry for not introducing myself earlier when answering questions.

For external electronic surveys our average response rate is 10 to 15 per cent, which is statistically relevant in terms of our overall client base with AFSC. We are constantly adjusting our approach to try to increase response rates. However, there can be a selection bias in an individual's decision to participate, so we're continuing to work through how to best ensure that we have statistically relevant data sets. For instance, are they digitally savvy? Obviously, our agriculture clients may have varying access to technology. Do they perceive a benefit from participating? Have they had an emotional encounter or instance where they had a negative view of AFSC?

Given the bias that is inherent in responding to electronic surveys, we do feel the response rate is typical, but we are ensuring that we are designing that survey in the best possible way. Gathering information in real-time and using proper analytics will enable AFSC to make responsive decisions, allowing us to continue to build new characteristics of our programming and make sure that we are improving our programming.

Mr. Rowswell: Okay. Well, thank you very much. When you adopt a client-first approach with different parameters that you're trying to accommodate, I'm just wondering if – could you discuss this initiative and highlight any positive results that may have come from that work?

Mr. Tremblay: Can you repeat the question? I'm not entirely sure what you're asking.

Mr. Rowswell: Well, it's just that you've adopted the client-first approach. Like, you want to increase your client satisfaction and productivity, streamline your business. I just want to see if you can discuss that initiative, and have you had some positive results?

Mr. Tremblay: For sure. Thanks for that clarification. Again, it's Andre Tremblay. Maybe I'll touch on a few areas within AFSC's specific basket of programming that they've undertaken to improve programs.

I'll talk about lending. Obviously, AFSC lends capital out to individual producers, agribusiness, food processors, et cetera across the system. AFSC is making it easier and quicker for clients to access lending, which is extremely important in our current financial circumstances, where access to capital is crucial. They've streamlined their loan process, and approvals can occur in under an hour up to \$150,000. That's reflective of where the broader lending sector in Canada is going. AFSC is on the cutting edge of that type of an application process. Reduced loan approval turnaround, so for more significant loans, was about six or seven days; it's now down to five days. Improved loan renewals, so automatic renewal processes, again, are reflective of where the banking industry is going. New client-friendly processes for loan payment deferrals, and certainly that's been a significant strategy with respect to COVID. There have been significant deferrals for our processors and producers through this difficult time. And then just sort of some basics that may seem trivial, but accepting electronic signatures is a big deal for agribusiness owners that are extremely busy, just making that administration around loans easier.

Another major program for AFSC is certainly crop insurance, and they've adopted a number of processes to improve client experience. Obviously, most of you are aware that there was a significant amount of unharvested acres last year, almost a million acres. There are about 800,000 acres currently outstanding, so there is a backlog. What AFSC has been able to do is do most of the adjustments or assessments based on the significant data that the organization has – moisture data, yield data, data about individual clients – so rather than sending a crop adjuster out to the site, they've been able to model what the damage likely was and be able to provide an initial assessment to the producer and actually provide up to 80 per cent of the insurance payment. Then it can go and do further analysis if required. It's a way in which we ultimately know, based on data availability, what the damage level would be at the field site, and being able to do most of that work virtually compresses the time that it takes for a farmer to get the information that they need from the insurance adjuster, which means they can make individual decisions faster about their operations.

Those modernizations have already resulted in over half of that 800,000 acres that are out there unharvested already being adjusted and dealt with, and we will be clearing that backlog within the next two weeks to get to a point where all of those unharvested acres have been assessed against the insurance program.

In terms of . . .

9:10

Mr. Rowswell: No; that's good. I was going to bring up the insurance.

I do have one other question on that, though. Have you guys ever assessed the – like, the crop insurance is based on production and the area-based parameters, and I'm just wondering: have you looked at the revenue insurance that's in the marketplace and considered adding that or have you researched it, and do you see a fit for it through AFSC?

Mr. Tremblay: It's a really good question. AFSC actually, based on some of the recommendations from the OAG, is in a continuous review process with respect to their business risk management programs. You're right in terms of how you characterize our current insurance offering, but AFSC in conjunction with the department is always looking at whether there needs to be adjustments or tweaks to the insurance program or insurance program offerings. We haven't gone to the revenue model, but what I would say is that we have other programs that do look at revenues and margins for producers.

Actually, one of the most important programs that AFSC delivers isn't an insurance program; it's an income stabilization program. It's called AgriStability. It's calculated based on the overall margins over a five-year period for an individual producer, and if they do have a significant disruption in revenues as it relates to cost of production, that program offsets that loss. So it's not a traditional crop insurance program. What it is is an income support or stability program based on a five-year average that would pick up a significant disruption to revenues against cost of production. It acts as an insurance product, but it's run on a calculation based on a five-year average, which does contemplate revenues within that overall calculation.

Mr. Rowswell: Okay. Well, thank you.

I just want to go back to how the new lending programs address the recommendations by the Auditor General. As I was reading through some of the information, it said that your mandate was that the "lending program . . . is designed to fill gaps" that weren't available in the private sector, I'm assuming. I'm just wondering:

have you noticed that the gaps that the private sector is offering are reducing, or are you having to compete head-on with what's in the private sector?

Mr. Tremblay: I just want to make sure, to clarify that question again. Did you say lending “caps” or “gaps?”

Mr. Rowswell: Gaps in what the offerings are. It's kind of like the private lending is out there, and it's not looking after young farmers or something like that, and then they come in and fill that gap. Is that still kind of the mandate?

Mr. Tremblay: It really is . . .

The Chair: Thank you, Deputy. We've got the timer going, so we'll probably be able to get back to it. Thank you, Member Rowswell.

We are now on to our second rotation for the Official Opposition side. Member Dach, if you would lead off, please.

Mr. Dach: Thank you once again, Chair. I'd like to follow up on some remarks made recently by Deputy Minister Tremblay, when he spoke about desired outcomes from the results analysis and mentioned, of course, the pandemic that we face and the possible risk to our agricultural producers that this might present. I wanted to know if indeed, given the insurance systems that recently changed – of course, there have been a number of lending programs that have now been changed as of 2018 in September. Given these new programs and the changes to them going forward in the context of the pandemic, where we see our beef producers and hog producers or livestock producers, all producers, really, grain producers as well but particularly focusing on the livestock producers, where they're looking at potentially having to cull their herds because they are not able to get them to market or to slaughter, what insurance functions are in place, and are the insurance functions that are in place adequate to protect against the risk? What are the greatest risks that we see, that the department sees, as challenges going forward? The products that we have in place now, since 2018, through new lending programs and insurance products: are they adequate? What risks do you see that are now being presented that we may see as challenges to the lending and insurance products that we have in place right now?

Mr. Tremblay: Thank you very much for the question, MLA Dach. It's a foundational one. Maybe I'll talk about the suitability of our programming in the current state, and I won't talk about recovery if that's okay, MLA Dach. I think you're asking about whether the programs are going to work for us right now based on the situation that we're in. There are kind of two tiers of programming. There is programming that is currently in place and running to support producers and agribusiness, and then there is programming that the province can activate in conjunction with the federal government if there are extraordinarily difficult circumstances for the ag sector.

The programs that are currently running: we do have a very strong insurance program, both on the crop side and on the livestock side. Many of our producers subscribe to those programs across the province as a normal course of business for their operations. AgriStability, as I mentioned, does provide income stabilization year over year based on a five-year average, so those programs will be useful for the sector across multiple commodities as things unfold. However, to your point, there is significant urgency around some of our commodities that have been struck extremely hard through COVID, including our cattle sector, our hog sector, as you mentioned, our potato growers, and some other commodity groups.

Talking about the beef sector in particular – I know this isn't related to our annual report, but it is foundational to our programming – there has been a significant reduction in commodity prices within the beef sector in the province over the last number of weeks, and the Alberta government is actually working with the federal government on what's called an AgriRecovery response. AgriRecovery is a federal-provincial program. It's designed specifically to be activated and mobilized quickly to manage a disaster that has significantly and urgently impacted a particular commodity within the ag sector. That process has been activated, and it's something that we're working, actually, around the clock on with the federal government as per our minister's direction. The AgriRecovery program could also be used for other circumstances. We're focusing on beef.

There's also some AgriStability work that we can do where we can provide in some cases advance payments through that program if there are specific commodity groups that are struggling with commodity price levels or price shocks that are occurring based on market or disaster conditions, which is where we're at right now. We are also looking at triggering those types of program features as well. The BRM suite of programming can be activated based on disasters or price shocks. For the commodities that you've just identified, that's exactly what Agriculture and Forestry has done, in conjunction with the federal government and in some cases other provinces, to co-ordinate efforts. As you well know, the beef sector is integrated between Saskatchewan and B.C., so there's also a western Canadian approach being contemplated in terms of how we deal with those price shocks.

Mr. Dach: All right. Thank you for that report.

I, obviously, share concerns of many producers that I've been speaking with about the ability of the negotiations between the federal government and this province that are ongoing right now – and I'm aware of them as the critic for Agriculture and Forestry – and the immediacy of a decision that's required. It's not something that is, obviously, going to be a long-term sort of annual report question, but it's certainly germane to the business of the AFSC as well as the whole Ag and Forestry department, so all Albertans are watching that with great desire.

9:20

I wanted to check something else and just go back for a moment, if I could, to wildfire management. I'm looking at, bottom line, what the long-term vision for the FireSmart program might be in terms of risk management. Now, the Horse River review: the annual report lists that seven of the 10 recommendations coming out of it were implemented by June 2019. I checked the review's website, and it lists a host of recommendations. There are some that are still needing to be done, three of them unfinished. How have the recent budget reductions to wildfire management – the branch supported the progress on these recommendations. So with the recommendation being made and now that we've got budget reductions, have they impacted the progress on implementing these recommendations?

Mr. Tremblay: Thank you very much. Another really important question, MLA Dach. Actually, we really appreciate the opportunity to answer it. FireSmart is a foundational part of our overall wildfire strategy for the province, and it has had direct and noticeable benefits throughout the province. As you know, FireSmart focuses on a number of different things. I think the most visible part of FireSmart, of course, is creating buffer zones around municipalities that are forest adjacent so that we don't have ember transfer as much as we would if that vegetation control didn't occur.

But we also provide training for municipalities to do emergency planning, to look at their individual building codes so that we have, potentially, more resistant buildings, and a litany of other different strategies.

It's a program that we've been able to maintain funding for because of its impact in reducing the probability of urban destruction based on wildfires, which we all know increases the cost to government and individuals. The program has been, I think, positively reviewed through the Auditor General's evaluation process, and we've actually increased funding this year to the tune of \$20 million, and that's because of the circumstances we're in with COVID-19. We may not have reciprocal firefighter agreements with other provinces this year because of COVID and travel restrictions, and when we were faced with that, we immediately viewed FireSmart as a critical strategy in helping to mitigate that because of its strength with communities.

Mr. Dach: I want to speak about that \$20 million for a moment while we're on the topic. In the release about that \$20 million, Mr. Tremblay, it says that up to \$20 million, rather oddly, would be made available for FireSmart activities. I'm wondering why there would be any wiggle room there. Is there a chance that communities might not be able to spend that money? Why is it up to \$20 million?

Mr. Tremblay: Thank you for the question, MLA Dach. It is \$20 million. We do have an implementation team that's solely focused on mobilizing this funding as quickly as possible within the fire season so we can derive the full benefit of the funding, which, in practicality, is more resilient forest-adjacent communities.

The Chair: Thank you, Deputy. [An electronic device sounded] That was fun.

Okay. We're now going to move over to the government side for our next rotation. I'm just going to look at my list. I'm not sure if Member Rowsell was finished, but I think it's Member Guthrie. Guthrie has pulled himself up on the video, so I'm going to move on to him, please.

Mr. Guthrie: Thank you. Forestry, obviously, is an important industry to Alberta. In fact, it's our third largest. It's also vital to the economy of, you know, so many small towns throughout the province. As a sector . . .

The Chair: Member Guthrie, I think you're going to have to probably mute yourself on Skype and just go with the in-room. I think it's probably the right way to go.

Mr. Guthrie: Okay. As a sector the industry has been particularly hit by the mountain pine beetle infestation. While we see references to the infestation in the annual report, I'd just like you to expand a little bit on the current state of the infestation, of course, as in the report, on measures that are being taken to combat the infestation, and what performance measures do we have in place to track that spread?

Mr. Tremblay: Thanks for the question. In Alberta there are over 5.5 million hectares of pine susceptible to attack by mountain pine beetles, currently valued at more than \$11 billion. If these trees are killed by mountain pine beetles prior to harvest, the value of these stands and the stumpage rates charged to forestry operators would be significantly lower than for live trees, reducing the value of these trees by over half. To date over 2.4 million hectares of forest in Alberta have been affected by the beetle. Infestation severity ranges from light, with only a few attacks per hectare, to severe, where over half of all of the pine is dead in the stand.

The effects of tree mortality on forest industry sustainability are not immediate because companies can continue to harvest dead pine for three to seven years postdeath. The greatest impact is in the mid-term timber supply. As the beetle infests the stand, there is not maybe an immediate impact, but the overall life cycle of the forest is impacted over a longer period of time. The forest industry, communities, and the government do not want to see a repeat of what's happened in B.C., which has directly impacted mills and other forestry companies. Between 2005, when the mountain pine beetle outbreak peaked in B.C., and 2016 the number of major lumber mills in the B.C. interior alone dropped from 71 to 51, a 28 per cent decrease. Not all of these closures could be attributed solely to declining timber supplies that resulted from the pine beetle infestations. However, a report published in 2009 forecasted that 16 major sawmills in B.C. would close by 2018.

Ultimately, the beetle is a significant threat to the viability of our forestry sector. We've maintained funding for the beetle in, I think, a pretty solid way over the last number of years, and whatever we decide to do moving forward, there is a commitment to support communities in a consistent way to ensure that funding is still used for three things: surveillance, so actually finding an infestation early so it can be dealt with; actual tree removal, which is going at a stand that we know has a significant infestation or a potential infestation; and thirdly, Alberta being a leader around beetle research, so understanding the characteristics of a beetle, how it moves from stand to stand, how it manages itself through winter in terms of winter mortality, and how that impacts how we actually undertake surveillance and extraction. All of those activities are still maintained in our budget and are still being used, frankly, to combat one of our largest threats to the viability of the forestry sector in the province moving forward.

Mr. Guthrie: Okay. You brought up British Columbia there and the devastation that they've had. I guess, in looking at Alberta, has there been an impact on investment and jobs here in Alberta, and what do the financial implications look like for the industry here in Alberta and its future sustainability?

Mr. Tremblay: Thanks for the question. I really appreciate it. We have not seen a retraction with regard to our forestry companies, specifically our mills, that rely on pine within the province as of yet. Ultimately, that can be attributed to sustained, maintained investment to combat the beetle and its infestation, not just from a provincial point of view but with our deep partnerships with municipalities. We fund municipalities as well to deal with the pine beetle.

9:30

In terms of investment, we still see increased investment, and I think that can be largely attributed to how we manage beetle infestations. Also, the cost structure for our forestry companies in Alberta is the most competitive in Canada, so a combination of competitive cost cycles and the pine beetle actually has created some strong stability within the context of the province.

Of the 25 major forest companies operating in Alberta, 14 rely on pine. In 2018 the forest sector directly employed 18,700 people and contributed \$2.2 billion. Those numbers have actually stayed strong within the province, and it's ultimately a reflection of some of the efforts that we are undertaking in conjunction with municipalities and individual forestry companies.

Mr. Guthrie: Okay. I know you had mentioned there about funding, and I know that the government put in \$5 million in addition to battle the spread. Can you tell me, you know, how much was invested in the 2018-2019 year for the pine beetle? Where are

these monies? Like, how are they allocated? Are we doing enough? Are we winning in this battle?

Mr. Tremblay: There are kind of two key questions there. We provided \$25.76 million in funding in '18-19 for the beetle. That's actually increased to \$30 million this year because of some research dollars that we put into the system.

Are we winning? What I think we are doing is that we're holding the line. If we look at what's happened in British Columbia, where the spread rate and scope and span have been significantly more, if we look at what's happened in the two national parks that are adjacent to Alberta's jurisdiction, there has been complete devastation in some parts of those areas. What we've been able to do in Alberta, with our funding and our partnerships with industry and municipalities, is that we've been able to maintain and hold the beetle back.

We do have many old stands of pine in this province. The beetle usually attacks pine stands that are in that 70-, 80-, 90-year-old age category. We have many stands that are like that in the province, so we have to hold the line. We've been able to keep the line held and keep the pine beetle out of some of those not only commercially viable stands but extremely important stands from an environmental and forest management perspective. If we back off funding and we back off those partnerships, we may get to a scenario, which we don't want to get to, like what's happened in B.C., which has undergone significant contraction within the industry.

This year we've moved to \$30 million. Most of that is going into detection and vegetation control of infected stands, but we also are a leader with regard to research to better understand the physiology and migratory patterns of the beetle as it relates to Alberta's climate.

Mr. Guthrie: In performance measure 3(b) they talk about allowable cut. I'm looking at the 2017-18 report. It shows that there are 32 million cubic metres of allowable cut, and the industry actually cut 23 million cubic metres.

The Chair: Thank you, Member.

Was that our third rotation? I just want to look to the room and confirm my understanding. I believe that that was our last rotation. Am I correct in that, Aaron?

Mr. Roth: It's the last rotation of 10 minutes, so on to the third rotation, five and five, Chair.

The Chair: Okay. Very good. Thank you.

We're on to a five-minute rotation now, and I believe it is Member Dach who is going to lead off. Please, sir.

Mr. Dach: Thank you. I can continue unless other members of the opposition wish to chime in and take some time during this rotation. Is that the case?

The Chair: No. I think people are saying that you should lead off, sir.

Mr. Dach: All right. Well, I'd be happy to do so. I wanted to continue on a track that I was on earlier, and that's with respect to a number of the different changes that were made to the lending programs and so forth, which took effect in September 2018. Under the new mandate in the loan programs the lending limit was increased from \$5 million to \$15 million, allowing, according to the ministry's report, for provision of stable, affordable credit across the province and at a larger scale. I'm just wondering what the effect has been. Has it had the desired effect, the increase of the

lending limit? How has it improved the situation for those individuals who are receiving those loans?

Mr. Tremblay: Thank you for the insightful question. It's another foundational one that has helped reshape our lending program for AFSC. The increase in loan limit is really a reflection of how the agriculture sector has evolved in Alberta. The previous loan limits were reflective of a time when there were smaller farms, smaller food processing companies, and just overall smaller agribusiness operators. You know, because of significant gains in productivity in southern Alberta with regard to irrigated acres, we have large farms with huge capital outlays and significant capital maintenance costs. We also have emerged over the last 10 years with even more significant federally inspected food processing and provincially inspected food processing capabilities. That increase in loan limit has allowed us to be more relevant to the ag sector as it's evolved today. It's highly capitalized, with significant operating costs, where \$5 million in the past really would exclude a significant chunk of the ag sector, that's in the highest growth category, both from an agrifood and primary production point of view. So the AFSC . . .

Mr. Dach: Mr. Tremblay, pardon me for a moment. Can I take it, then, from your comments that the results of this increase in the loan limits are being tracked in terms of increased economic activity, employment growth, and so forth that this increase in loan limit has had as a result of the last government's implementation of these changes?

Mr. Tremblay: We do have an investment and growth strategy that exists within the department that focuses on agrifood and agribusiness. We work closely with AFSC to identify with those investment prospects whether access to capital is a key factor in advancing those projects. If that project advances based on AFSC capital lending, we not only track the overall investment of the specific project but also supplementary investments and growth in job numbers as well.

Mr. Dach: All right. Thank you very much for that, Mr. Tremblay.

I'm going to ask a question regarding performance measurement and, in particular, the fourth desired outcome, that Alberta has thriving rural communities, and the key strategy to support the government in competitiveness of the agriculture industry. Now, that's a pretty broad-based desired outcome. I'm just wondering: within that definition of thriving rural communities, sir, would that include doing things through your programming and with your budget to maintain rural doctors and perhaps rural hospital operations and mental health supports to farmers in these challenging times so that we do have thriving rural communities? Is that something that's considered part of the purview of the department?

9:40

Mr. Tremblay: I really appreciate the question, MLA Dach. I'll maybe go at the specific mention of rural doctors first, and then I'll flex to what we actually do for rural communities. Rural health care and rural physician deployment are under the purview of one of my previous departments, Alberta Health, and I believe there was a recent announcement on that on a number of . . .

The Chair: Thank you, Deputy.

We are now moving on to a five-minute rotation for the government side. Thank you.

I have Member Rosin, I believe, on the speakers list. Please go ahead, if Member Guthrie was finished with his rotation.

Ms Rosin: Okay. I thought there might be one more question there, but I can absolutely go. I'll try to be pretty quick in light of time. Beginning on page 16 of your ministry's annual report, under key strategy 1.1 you discuss the efforts to "provide focused trade services for Alberta's agricultural and forest product companies to secure current markets and access new growth markets." I'm wondering if you can discuss the positive returns for Alberta farmers in these initiatives that have resulted from this work and which specific markets have been most opened up from our efforts in 2018-19.

Mr. Tremblay: MLA Rosin, I didn't entirely hear all of that just because of reception issues. Were you asking about agrifood and agriculture exports or forestry exports?

Ms Rosin: Yeah. I'll take myself off speakerphone. Yeah, I was actually talking about both. I asked about agriculture or forest products and what new markets have been most opened up since 2018 and '19.

Mr. Tremblay: Maybe I'll deal with agriculture first and then talk about forestry. You know, the majority of our commodities in agriculture leave the province just based on our population and the nature of what we produce. We are very active on the international stage with regard to export market development and trying to keep markets open from a commodity point of view. We work closely with the Alberta government's network of international offices. We actually have staff on the ground in most of our sort of defined, existing markets like China, Japan, South Korea, the U.S., Mexico, the EU, Southeast Asia, the Middle East, and Africa. Those are all major markets for us, and we do have an extensive network of international operatives that are actually an extension of the government of Alberta.

We also work very, very closely with the federal government. Market access and trade negotiation internationally are the purview of the federal government. However, with an agricultural products lens, the federal government relies heavily on the expertise of the provincial government in setting trade policy and managing trade disputes, so we have a team within the department that's solely focused on that. Obviously, we haven't been as active over the last number of months because of COVID-19. When we do move through the pandemic, we are going to have to reassemble our strategy and continue to push our strategy in maintaining and opening existing markets and new markets.

With regard to forestry, obviously, softwood lumber is a significant part of what we do as a province. The majority of our softwood lumber products are actually exported to the U.S., and there are well-documented sorts of hiccups and glitches that we've had between the U.S. and Canada from a softwood lumber point of view. Again, we have a team within the department that's solely focused on working with our trade experts within the federal government to always be advocating on a regular basis for fair treatment of our softwood lumber producers.

In Alberta we are struggling with some softwood lumber commodity levels right now. Pricing, obviously, is tied directly to housing starts within the U.S. Obviously, with COVID-19 there has been a significant reduction in housing starts. That has softened the market, but we actually do feel quite strongly about the level of access that we have now, so the struggles that we are experiencing within softwood lumber are less about market access at this current stage and more about market conditions. What we are doing is that we're continuing to work with the Canadian government, again, who's ultimately accountable for trade, to ensure that Alberta's

position with regard to softwood lumber market access is as open as it can be to increase flexibility for forestry companies.

In addition to that, we have undertaken significant strategic work to open secondary markets for our softwood lumber. We do have strong relationships with countries like Japan that do take our softwood lumber products for construction that's occurring within Southeast Asia. It's striking a balance between maintaining a strong trade relationship with the U.S. as our primary . . .

The Chair: Thank you, Deputy. That now concludes our questioning rotation.

Now we will move on to three minutes each . . .

Mr. Gotfried: Sorry, Madam Chair. We still have one more rotation for the government.

The Chair: Oh. Sorry. Yes, we have the government side. Please. This meeting has been so congenial. I move forward with that to the government side, please.

Ms Rosin: Okay. I can do one more question super quickly. In terms of market development, so sort of where we left off. As you know, agriculture is a pretty big business in Alberta, as you mentioned a lot in your opening remarks. We were back on the topic of new markets. I'm just wondering what your ministry has been doing to help agribusiness get export ready?

Mr. Tremblay: It's a really good question. Thank you for that that, MLA Rosin. Export readiness is critical. There are a lot of agribusinesses that have products that are desirable in other markets and have those opportunities but may not have complete awareness of where those markets exist and have the readiness to be able to move commodities into an entirely new market. We have a specific group within the department that works very closely with our trade group because trade and market development are interrelated and interdependent.

We actually offer what's called a concierge service within the department, where a team of public servants will be deployed to a specific company that might have export or investment aspirations. We work with them to assess what they might need and link them to programs and potential access to capital that they might need to advance their interest in a new market. That might be working with lenders to secure capital. It might be identifying regulatory barriers within another market that they may need to navigate in order to introduce a new product into a brand new marketplace. It could also be linking specific suppliers, wholesalers, logistics companies that can help move their specific product from their point of production to the point of acquisition in the new marketplace.

Alberta has established and refined this model over time. We are a leader in Canada in working actively with companies to, frankly, navigate in some situations a very complex environment to get a product from A to B. You know, moving a product from Calgary to Delhi, India, there is a significant amount of financial, regulatory, and logistical considerations that need to be worked through, and our concierge team in Agriculture and Forestry are experts in helping that company navigate all of those different components.

The Chair: Thank you, Deputy. In fact, I was correct; we were to be moving to the three-question read-in. Sorry to the members. My apologies to the, you know, dozens of people who are watching. It was indeed correct that we are to move down to the three-and-three reading in of questions.

I will now move over to the Official Opposition side for that, and I believe I have Member Dach to lead off, please.

9:50

Mr. Gotfried: Excuse me, Madam Chair. Did we get a full five minutes for the third rotation for the government side?

The Chair: I think that the issue here – and, Aaron, if you can just confirm my understanding – is that we have the first and second rotations at ten minutes each, and then, Member Gotfried, we have only one third rotation at five minutes each.

Mr. Roth: That's correct, Chair.

The Chair: Yeah. You can be forgiven for thinking that we have yet another one because on our longer meetings we do, and I – I had to confirm my understanding going through the notes – also thought that we had another five-minute rotation, but we don't. We're down to the three and three. Is that correct, Aaron?

Mr. Gotfried: Excuse me, Madam Chair, but we did not get a full five-minute rotation for our last speaker if my understanding is correct.

The Chair: Aaron, I think the beep did go, did it not?

Mr. Roth: It did, Chair, yes. So there was five minutes for the Official Opposition and five minutes for the government caucus.

Mr. Gotfried: Okay. Thank you.

The Chair: Yeah. Sorry for that confusion, Member Gotfried. I should have said, "Oh, I hear the beep," because I think that some of us can hear it and some of us can't. I will keep that in mind for the next meeting. Aaron is doing that countdown in the chat, but maybe if he can also just put in, you know, or I can, "Time is up," as well so that we can see it visually as well.

Now we will move on to the three and three, so, Member Dach, if you could lead off with the leading questions into the record.

Mr. Dach: Yeah. I'll just be quick, Chair. I wanted to ask a quick question about crop-specific insurance products that are designed to meet producers' needs. A constant complaint I hear from producers is that they want more customization for their insurance products so that they actually are worth while. I'm just wondering, because it gets dismissed whenever I bring it up with the minister, what mechanism there is for producers to really get the ear of AFSC to make sure that their crop-specific insurance demands are heard and relevantly discussed and hopefully implemented.

Mr. Tremblay: I can attempt to answer that.

Mr. Dach: Well, no. We're reading into the record right now.

The Chair: Sorry. Yeah.

Mr. Tremblay: Sorry, MLA Dach. I apologize.

The Chair: Yeah. Now we will go to Member Renaud, who has some questions, please.

Ms Renaud: Thank you. On page 43 of the annual report it talks about enterprise risk management at AFSC, "a forward looking, integrated and holistic risk management approach." It talks about the five areas – credit, liquidity, insurance, operations, and so on – but, you know, there's hardly any mention of climate change risk mitigation through the annual report and the business plan, so I'm wondering if we could get some information on that to talk about some of the work being done here.

Also, on page 31 of the annual report it says that AFSC authorized over 1,400 new direct loans for the period ending March 31, totalling about \$430 million. I'm wondering if we could get a breakdown of the recipients of these loans. Which ones or what per cent were eligible for corporate tax rates, so the lower tax rates?

I also wanted to – in the ministry business plan, I think on page 12, outcome 2 is public health and safety, so, for example, key objective 2.2 talks about mitigating risk, but, again, there is no mention of climate change, and obviously we know that this sector is highly susceptible to what we know the data and science are telling us that the challenges are. I'm wondering if we can get a breakdown of the activities, the risk management mitigation strategies being employed.

Thank you.

Ms Hoffman: I'm going to speed-read if that's okay, Madam Chair.

The Chair: Yes.

Ms Hoffman: First one is: knowing that much of the wildfire work is done via contractor, what controls are in place to ensure fair distribution of contracts for those who are working on wildfires and fair public returns?

Regarding AFSC, what's the breakdown for the types of corporations borrowing? How many are Alberta exclusive, and how many are multinational? What's the percentage of the borrowing for large corporations?

My third one is: what is the department doing to ensure food security given global conditions?

The Chair: Thank you, Member Hoffman.

We will now go over to the government side for three minutes of reading questions into the record, please.

Mr. Reid: Thank you, Chair. My questions are related to the development of value-added ag products. First question: of the \$94.1 million spent on food and value-added processing programs indicated in the financial highlights, how did they provide for the commercialization of these new products? How do products introduced in Alberta impact the local economy? Once the technology or the ideas were developed, did they go elsewhere for production, or are these products still made in Alberta? Is the ministry tracking the production of these products and the economic effect of that production?

One question related to local food development: has the work done to this point opened the door for us to look at more private processing and maybe enhancing farm-to-table in Alberta?

So those are my questions, and I cede to my colleagues.

Mr. Gotfried: I'll go next. With respect to market diversification and development, particularly with respect to Asia – Indonesia, India, Vietnam, Philippines, Taiwan, and Thailand – could you please provide us with some market potential and the current impact?

Secondly, has the department done any studies on the opportunity that if we are able to move our bitumen through pipeline, what that will do with respect to rail capacity for agriculture and forestry products?

Thirdly, for the irrigation team there, could you please give us an update on the zebra mussel risk to the irrigation systems and what that cost could be if that is not mitigated appropriately?

Thank you.

Mr. Guthrie: I'll go next. For 2017-2018 the allowable cut was 32 million cubic metres, and the industry annual harvest was 23 million cubic metres. Can the ministry speak to the reason for that gap and include barriers or red tape that may prevent industry from harvesting the allowable cut? Is the department taking any steps to ensure that the industry can harvest more, of course, in a sustainable manner so that there are greater opportunities for investment and jobs?

The Chair: Okay. We're down to the last minute. If there are no other questions to read into the record – I'm not seeing any, but I'll give you just a minute, there, government side, because I know you've got some folks on the phone as well.

Mr. Barnes: Yeah. If I could.

The Chair: Make it quick, Drew.

Mr. Barnes: Thank you. I'm just wondering if the department is looking at something to extend the insurance timeline between calves and feeders with the bottleneck we're having right now.

Thank you.

The Chair: Very good.

Seeing none, I would like to thank officials from the Ministry of Agriculture and Forestry, from AFSC, from the Irrigation Council, and the Agricultural Products Marketing Council for attending today and responding to committee members' questions. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to our committee clerk.

We'll now move on to item 5, which is other business. Are there any other items for discussion under other business? I'll just give it a minute here.

Seeing no one jumping up and down on that, we will then move on to the date of our next meeting, which will be Tuesday, May 12, 2020, starting at 8:30 a.m. There will be a premeeting briefing starting at 7:45 a.m. as well for the members of the committee to avail themselves of time with research services staff and the Auditor General.

We will now move on to adjournment. I will call for a motion to adjourn. Would a member move that the meeting be adjourned?

Mr. Dach: I move.

The Chair: Okay. Thank you for moving that, Member Dach.

All in favour? Okay. Very good. Are there any opposed? It seems that no one wants to continue being in this meeting. That motion is carried.

We have just completed our first video conference with officials. I want to thank everyone for their patience. I thank all of the staff and the departments as well for making these accommodations and the various delegated authorities who took the time to attend this meeting today.

We will reconvene Tuesday, May 12.

Thank you, everyone.

[The committee adjourned at 10 a.m.]

