



Legislative Assembly of Alberta

The 31st Legislature  
First Session

Standing Committee  
on  
Public Accounts

Agriculture and Irrigation

Tuesday, December 3, 2024  
8 a.m.

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**Legislative Assembly of Alberta  
The 31st Legislature  
First Session**

**Standing Committee on Public Accounts**

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Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Deputy Chair  
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)  
Cyr, Scott J., Bonnyville-Cold Lake-St. Paul (UC)  
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## **Standing Committee on Public Accounts**

### **Participants**

Ministry of Agriculture and Irrigation

John Conrad, Assistant Deputy Minister, Primary Agriculture

Matt Grossman, Assistant Deputy Minister and Senior Financial Officer, Financial Services

Jason Hale, Deputy Minister

Karen Wronko, Assistant Deputy Minister, Trade, Investment and Food Safety

Agriculture Financial Services Corporation

Darryl Kay, Chief Executive Officer



**8 a.m. Tuesday, December 3, 2024**

[Mr. Sabir in the chair]

**The Chair:** Good morning, everyone. I would like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance.

My name is Irfan Sabir, MLA for Calgary-Bhullar-McCall and chair of the committee. As we begin this morning, I would like to invite members, guests, and LAO staff at the table to introduce themselves. We'll start with MLA Rowswell.

**Mr. Rowswell:** Garth Rowswell, MLA, Vermilion-Lloydminster-Wainwright.

**Ms Armstrong-Homeniuk:** Jackie Armstrong-Homeniuk, MLA, Fort Saskatchewan-Vegreville.

**Mr. Lundy:** Good morning, everyone. Brandon Lundy, MLA for Leduc-Beaumont.

**Mr. McDougall:** Good morning. Myles McDougall, Calgary-Fish Creek.

**Mr. Cyr:** Scott Cyr, MLA for Bonnyville-Cold Lake-St. Paul.

**Ms de Jonge:** Chantelle de Jonge, MLA for Chestermere-Strathmore.

**Mr. Kay:** Good morning. Darryl Kay, chief executive officer at AFSC.

**Ms Wronko:** Good morning. Karen Wronko, assistant deputy minister, trade, investment, and food safety, with Agriculture and Irrigation.

**Mr. Hale:** Jason Hale, Deputy Minister of Agriculture and Irrigation.

**Mr. Grossman:** Good morning. Matt Grossman, ADM of financial services and senior financial officer with Agriculture and Irrigation.

**Mr. Conrad:** Good morning. John Conrad, ADM of primary agriculture.

**Mr. Wylie:** Good morning. Doug Wylie, Auditor General.

**Mr. Leonty:** Eric Leonty, Assistant Auditor General.

**Ms Renaud:** Marie Renaud, St. Albert.

**Mr. Schmidt:** Marlin Schmidt, Edmonton-Gold Bar.

**Mr. Ellingson:** Court Ellingson, Calgary-Foothills.

**Mr. Huffman:** Good morning. Warren Huffman, committee clerk.

**The Chair:** Thank you.

A few housekeeping items to address before we turn to the business at hand. Please note that microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and the transcripts of meetings can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting, and please make sure that comments flow through the chair at all times.

Approval of the agenda. Are there any changes or additions to the agenda? Seeing none, can a member move that the Standing

Committee on Public Accounts approve the proposed agenda as distributed for its Tuesday, December 3, 2024, meeting? Any discussion on the motion? All in favour? Any opposed? The motion is carried. Thank you.

Approval of minutes. We have minutes from the Tuesday, November 26, 2024, meeting of the committee. Do members have any errors or omissions to note? Seeing none, can a member move that the Standing Committee on Public Accounts approve the minutes as distributed of its meeting held on Tuesday, November 26, 2024? MLA Ellingson. Any discussion on the motion? All in favour? Any opposed? Thank you. The motion is carried.

I would like to welcome our guests from the Ministry of Agriculture and Irrigation, who are here to address the ministry's annual report 2023-24 and any Auditor General's outstanding recommendations. I invite officials from the ministry to provide opening comments not exceeding 10 minutes.

**Mr. Hale:** Okay. Well, thank you, MLA Sabir. It's my pleasure to be here and to introduce Agriculture and Irrigation representatives joining me. At the table I have Matt Grossman, assistant deputy minister of finance; Karen Wronko, assistant deputy minister of trade, investment, and food safety; John Conrad, assistant deputy minister of primary agriculture; and Darryl Kay, CEO of Agriculture Financial Services Corporation. I'd like to thank them all for being here today.

It's truly my pleasure to be the Deputy Minister of Agriculture and Irrigation. Like so many Albertans, the agriculture sector is close to my heart. It played a massive role in building this province and remains an important contributor to our economy, especially in rural areas. It produces essentials for folks here at home and abroad and employed more than 83,000 Albertans last year. It's an exciting time for agriculture in Alberta as the sector continues to grow and diversify. In 2023 the agrifood industry contributed \$10.3 billion to the province's gross domestic product, last year. Primary agriculture exports reached \$8.2 billion, \$900 million more than 2022. Value-added ag exports reached \$9.7 billion, almost \$800 million more than the year before. Meanwhile crop prices continue to moderate from highs set in 2022. Hog prices remain volatile while cattle prices, Alberta's largest livestock sector, stayed high. As well, Alberta's total farm cash receipts set a new record of \$23.3 billion, up 5 per cent from 2022.

The Department of Agriculture and Irrigation is doing what it can to help the ag sector grow. While food manufacturing sales reached another record of nearly \$24 billion in 2023, we facilitated \$3.1 billion in new investments in value-added processing, well above the previous years and our annual target of \$539 million. Since we introduced the Alberta ag processing investment tax credit in February, we've seen plenty of interest at home and abroad. Last year also was the first of the five-year \$3.5 billion sustainable Canadian agriculture partnership between the federal, provincial, and territorial governments to strengthen competitiveness, innovation, and resilience in our agriculture, agrifood, and agri-based products sector. In its first year sustainable CAP allocated \$56.8 million through 1,185 grants to focus on climate change and environment; building sector growth and capacity; science, research, and innovation; resiliency and public trust; and market development and trade initiatives.

We have also carried on investing in agriculture research through Results Driven Agriculture Research. Last year we continued our 10-year funding commitment to RDAR, investing another \$38.5 million in research guided by farmers' priorities. From April 2021 to this past March RDAR funded 377 research projects.

We have also been steadily focused on irrigation, making sure farmers who rely on it can do more within their current allocations.

Across the province there are more than 1.8 million acres assessed and licensed for irrigation for crops, greenhouses, market gardens, and more. Alberta has carried on our partnership with the Canadian Infrastructure Bank and nine irrigation districts to invest \$933 million in irrigation infrastructure, modernization, and off-stream water storage expansion between 2021 and 2028. Thanks to the largest one-time investment in irrigation in Alberta's history 38 of the earmarked 92 projects were completed between 2021 and 2024.

As the ag sector continues to grow, rural Alberta stands to benefit. Agriculture and Irrigation has been doing our part to spur rural economic growth. Our economic development and rural Alberta plan are guiding innovation and growth in rural communities. Part of this plan is the small community opportunity program, which provided up to \$3 million per year in grants for projects that tackle challenges to tap into opportunities in rural areas. In its first year the program awarded 43 grants between \$20,000 and \$100,000 for community-led projects that aim to build capacity in agriculture, tourism, small-business supports, and local economic development.

The department has also helped the rural communities by supporting one of their most important organizations, agricultural societies. Ag societies improve the quality of life of their communities by providing educational programs, events, volunteer opportunities, services, and facilities. Across the province 291 ag societies own or operate over 900 essential community facilities like curling rinks, hockey rinks, rodeo grounds, and more. Every year ag societies put on or host over 37,000 activities with more than 2.3 million people taking part. We support them through \$11.5 million in predictable, stable annual operational funding through the agricultural societies grant program. On top of that, the ag societies infrastructure revitalization program has supported major facility renovations and repairs. In its first year, 34 ag societies received \$2.5 million in capital grant funding for major repairs and renovations to commercial kitchens, roofing, dressing rooms, and more.

Agriculture Financial Services Corporation has been a crucial player in supporting our ag sector's growth and sustainability. For example, AFSC runs the next generation loan program, which encourages new and returning entrants to the sector with reasonable loan rates and pay periods. Last year alone 805 next generation loans were authorized for a total of 321 million in direct dollars, resulting in a total project dollar investment of \$368 million.

#### 8:10

AFSC also offers a suite of business risk management programs designed to help producers adapt to changing weather, market, and business challenges. We always encourage producers to sign up for AFSC's programming, like moisture deficiency, crop insurance and production insurance, and more, as well as its sustainable CAP funded initiatives like ag stability and ag recovery. We are continuing to work with federal, provincial, and territorial governments to make business risk management programs more responsive, equitable, and timely. All this work is on top of our regulatory and assurance work the department invests in.

While Alberta's producers work hard to grow the best crops and livestock, we've been working to ensure our assurance programs remain strong. Last year the department's labs processed 22,944 tests to support farmed animal health surveillance, disease investigations, and national surveillance networks.

Between 2020 and 2023 Alberta and the federal government provided \$3.44 million in Canadian agricultural partnership funding to the University of Calgary Veterinary Medicine. This funding helped start a veterinarian diagnostic pilot program to build access to more affordable and accessible diagnostic services for

Alberta's livestock producers and rural vets. In 2023 we also committed \$1.2 million in capital funding to the university for renovations and lab equipment to further expand veterinarian diagnostics. All of this assurance and regulatory work helped cement Alberta's reputation as a reliable source for the best agrifood products.

Thanks again for having me, and I look forward to discussing more detailed impact that Agriculture and Irrigation's funding has had on the province.

**The Chair:** Thank you.

I will now turn it over to the Auditor General for his comments. Mr. Wylie, you have five minutes.

**Mr. Wylie:** Thank you, Chair. We audited the financial transactions of the Department of Agriculture and Irrigation as part of our audit work on the consolidated financial statements. We also audited the financial statements of the Agriculture Financial Services Corporation, AFSC, and I'm pleased to report that for the year ended March 31, 2024, we issued a clean audit opinion on the financial statements of AFSC. As part of this financial statement audit work we did issue one new recommendation this last year, that the department improve its processes to ensure the timeliness and quality of financial information preparation and reporting.

There are two additional past recommendations. They were issued to the AFSC, and both are ready for assessment. As reported in our November 2021 report, we recommended that AFSC develop a process to manage the risks of cloud computing, and in our December 2023 report we recommended that AFSC improve its process to ensure policies and procedures set out in the AgriInsurance manuals, guidelines, and authorities were adhered to.

Thank you, Chair.

**The Chair:** Thank you.

We will now proceed to the questions from the committee members, and we will start with the Official Opposition. For the first rotation you have 15 minutes.

**Mr. Ellingson:** Thank you. Through the chair, I just would like to ask a few questions, Deputy Minister, about the insurance program. The ministry states that insurance indemnities for 2023-24 were \$1.8 billion more than budgeted. Page 53 notes that the indemnities are attributed to crop insurance, and on page 57 the indemnities are the 2023 Canada-Alberta drought livestock assurance, AgriStability, and AgriInvest programs, among a number of other programs noted in the report. Could you clarify how much each of the different insurance programs contributed to the \$1.8 billion in unbudgeted indemnities?

**Mr. Hale:** Sure. Yeah. Thank you for the question. We are very proud of Agriculture Financial Services and the work they do for our producers. We have witnessed in 2021 and 2023 significant droughts. We haven't seen droughts like those since 2001. It was one of the last years of major drought. These programs that we have at AFSC are to be responsive. They are emergency programs. You mentioned the AgriRecovery program, which is an emergency program, a once-in-15-year program for disaster emergencies.

We have the moisture deficiency program, which is a backstop for our producers, our grazing producers that have livestock on the land, because we all know that if it doesn't rain, the grass doesn't grow. There are measures that need to be put in place to allow producers to buy feed, to rent extra pasture, you know, to fence off pivot corners, to find feed for their animals anywhere that they can.

Our crop insurance, too: we know that our farmers, in times of need, need that insurance. It's a partnership between the federal government and the provincial government. You know, we had a positive balance in that crop fund, but throughout those two years of major droughts the crop fund was depleted. We have an obligation to work with our producers and ensure that they're cared for and that we provide some sort of support.

**Mr. Ellingson:** The crop insurance is the one that you have a fund for, where they are paying premiums into. What was the fund before, and how much of the \$1.8 billion was from that fund?

**Mr. Hale:** Actually, I'll ask Darryl Kay, the CEO of AFSC, to speak to the specific values in the AFSC fund.

**Mr. Kay:** Yeah. Thank you very much, Deputy Minister.

The largest component of our losses in the 2023 crop year were around our annual crop insurance fund. We saw losses of approximately \$1.2 billion in annual crop payments. In addition to that, we saw approximately \$350 million in losses for our pasture program, so that's our perennial insurance. We also saw some disaster spending for our AgriRecovery program, so with AFSC working closely with the department, we're able to deliver an AgriRecovery program to support the livestock industry. That was an additional \$160 million.

**Mr. Ellingson:** How much do you collect in premiums for the crop insurance and the pastoral lands, those two that had the biggest losses? What do you collect in premiums in a year?

**Mr. Kay:** In the 2023 crop year we collected approximately \$1.2 billion in premium. In the 2024 year it was closer to \$1.3 billion. It really depended on commodity prices, premium rates, and things like that.

**Mr. Ellingson:** Thank you.

When we have a loss and the funds paid out exceed the funds that we have set aside – and it would seem that from this day going forward, we're at zero; we're drawing on another pool somewhere if we have a bad year – can the ministry describe where the funds are drawn from to cover these unbudgeted indemnities?

**Mr. Hale:** Yes, for sure. The premiums are cost shared by producers and federal and provincial governments for comprehensively cost-shared programs. Every dollar in premium paid by the province brings \$1.5 dollars of federal contributions into Alberta through the annual crop insurance, moisture deficiency insurance, et cetera, and we are continuously looking at ways to support our producers through these pressures.

**Mr. Ellingson:** I'll refine the question maybe a little bit. With the crop insurance, a loss of \$1.2 billion, of that \$1.2 billion how much was paid out from the government of Alberta, from the government of Canada, and did the government of Alberta have a fund set aside to cover those losses, or was this an unexpected expense from the government of Alberta?

**Mr. Hale:** Well, we do work with the federal government. We have reinsurance, so they cover a portion. Our producers cover 40 per cent, the GOA 24 per cent, and the government of Canada 36 per cent.

I'm not sure if Mr. Kay would like to supplement.

**Mr. Kay:** Sure. Happy to add to that, Deputy Minister.

The way the AgriInsurance program works, the program is really funded through the premiums, not through the claims necessarily.

So we build up a surplus over a number of good years, and we build up that surplus so it's there when we need it most, when we deal with droughts, and we see that every 20 years or so, and now we're in that position again. As the deputy minister said, we've built that crop fund up through that sharing formula, where producers pay 40 per cent of the premium, the federal government pays 36 per cent, and then the province pays 24 per cent. You're absolutely right: we're in a deficit position right now.

8:20

We have a formula to cover those losses. We have the backstop from both the federal government and the provincial government. Both governments put funds into what we call reinsurance, government reinsurance funds, where those funds are segregated to pay for claims. Once those are exhausted, there is a deductible that the Alberta government pays, approximately 1.5 per cent of coverage of risk. Then we go to a backstop between the federal government and the province. The key point there, I would suggest, is that we have seen this before, where we have to rebuild the fund. This isn't new to our organization, and producers can, you know, rest assured that their payments will be made each year as we start to rebuild the fund.

**Mr. Ellingson:** I guess we'll see when we get the numbers from '24-25 how we're doing since we know that going into that year, the funds were depleted. We'll see what happens in that coming year.

The anticipated payouts. You know, if we are going into, like, these years of kind of unprecedented climatic conditions, those formulas that you're using, are you adjusting those formulas going forward? Based on what you learned in the 2023-24 period, are you adjusting those formulas and adjusting how much you are setting aside and the government of Alberta is setting aside?

**Mr. Hale:** The formulas are set. We do not adjust the formulas. They are actuarially sound. It is dependent on crop prices. An example is, like, when you buy insurance for a car. If you buy insurance for, you know, a 1980 Volkswagen, your premium is different than if you buy insurance for a 2024 BMW. Depending on what crops you're growing, that will depend on the cost of your insurance. There is a variance of that. It's historic crop yields. There are the spring prices. Some components that go into play . . .

**Mr. Ellingson:** Okay. So we're good with the formulas that are in place.

You did mention in the report that because of these bad years farmers are experiencing reduced ability to self-insure or to pay their portion of the premiums. What happens if we go into a year or multiyears and government is preparing, but if the farmers are not able to be setting aside money year after year to prepare for a bad year and they have the inability to pay their premiums, how does the insurance step in or the ministry step in?

**Mr. Hale:** Yeah. I would just like to bring us back to our annual report. I'm not sure if your question fits with the annual report. You're talking about the future. We're talking about 2023-2024.

**Mr. Ellingson:** Like, the report did talk about the reduced ability to self-insure. I'll have to look for the page where it says those words.

**Ms Renaud:** Thirty-six?

**Mr. Ellingson:** Is it on page 36? It is on page 36 under results and variance explanation, where it says that the results are likely due to – we're talking about the estimated annual crop seeded acres that are insured and the uptake and the change in uptake from one year

to the next and that these results are likely due to producers' reduced ability to self-insure.

**Mr. Hale:** That's why we have the insurance, because when crops or producers are producing less, we have to have insurance in place.

**Mr. Ellingson:** So 82 per cent of the area was insured; 18 per cent was not.

**Mr. Hale:** That's a producer determination. You know, we provide the service. We provide the insurance. We provide all the information, educational pieces, to ensure that our producers know the risks, know the products that are available. We do a lot of work with our commissions. We have 19 commissions in our ministry. We work with all of them very closely through marketing council. I know AFSC does a lot of advertising, a lot of community work within the communities that their offices are in in order to prove how these products work, but ultimately it comes down to producers. It's their choice whether they insure or they don't insure.

It's our job to provide the best possible insurance that we can and afford them the opportunity to uptake in that program or not. We can't make them, but we do know we have seen over the years through the drought a huge increase in uptake, specifically in our moisture deficiency insurance. There were a lot of producers.

I'll turn it over to Darryl.

**Mr. Ellingson:** So in a bad year you see uptake in insurance; in a good year you see a drop-off in insurance?

**Mr. Hale:** Not necessarily. After multiple bad years we see that producers are saying: okay; now, you know, we need to insure. It's not just a one-off, so we're going to continue to insure. We saw an increase since 2021 of producers taking up insurance. It's through the work of the government. It's through the work of AFSC and producers. Producers talk between themselves and determine their best options, so it comes down to their choice. We leave it to them, and they determine in what products they will . . .

**Mr. Ellingson:** So in those choices we do see, in perennial seeded acres, a much lower percentage of acres that are covered by insurance. Why do we feel that perennial seeded acres are much lower than annual seeded acres?

**Mr. Hale:** Well, actually, that's the moisture deficiency insurance. We saw a huge increase in the moisture deficiency insurance uptake since we saw – I'll maybe ask Darryl Kay from AFSC to comment.

**Mr. Kay:** Yeah. Thank you very much, Deputy Minister.

A few things to unpack here. Let me start with premium affordability because we know premiums have increased. As part of the agreement that we have with the federal government and other provinces, there are caps in place each year so that we limit those year-over-year increases to 10 per cent. We want to make sure that they remain affordable for producers.

When we talk about participation in the programs, annual is a great example. Eighty-two per cent compares very favourably across the country in terms of participation. In terms of that 18 per cent, they often self-insure. Some have off-farm income; they choose not to use the program. What we have seen in the past three or four years is participation increase. The value of the crop is higher than ever. I think producers recognize and understand that they need crop insurance to make sure that they can get through difficult years.

In terms of our perennial program: a little bit different there. Again, even the increase we've seen over the past three or four

years from about 30 per cent participation to almost 45 per cent: a few reasons for that. We've made a number of changes to the program. We've added things like heat indexes, changed our minimum thresholds, moved to monthly payments, but the reason you don't see the participation as high as the annual side is that they can manage that risk in other ways. You know, often cattle producers have carry-over feed. They're not as concerned heading into a year if there is good moisture heading into that year, so it's just a different calculus for them when they kind of consider how they manage their risk. The annual crop insurance side is much more significant in terms of: any significant loss in one year could really hurt their operations.

**Mr. Ellingson:** So I guess, in just five seconds remaining, we have gone through three years now of kind of, like, successive bad over bad . . . [Mr. Ellingson's speaking time expired] Yeah. I guess we're assuming more risk to be coming in the future.

**The Chair:** Thank you.

We will now proceed to questions from the committee members, government side. You have 15 minutes. MLA Lundy.

**Mr. Lundy:** Thank you, Mr. Chair. Of course, thank you to the department officials for joining us this morning and for their hard work on this incredibly important file. Like many of my colleagues, I grew up in rural Alberta and was exposed to just how important the agriculture sector is to this province, so certainly glad to hear about the exciting work that's going on and that the legacy of agriculture in Alberta is strong and will continue on.

I always like to take the chance to talk about Leduc-Beaumont as well, of course, representing that area. We're the proud home of the Alberta Food Processing Development Centre. We actually had the minister out to celebrate 40 years of that facility. In my notes I called it the Leduc Food Processing Development Centre, and I think I might have caught some flak for that, but I know Leduc is very proud to have that centre. I've gotten a chance to tour it with the minister as well a couple of times, and it's really impressive to see the development and the research and these new, fledgling companies who are bringing these agroproducts to market. It's a great facility, and we're certainly happy to have it in my riding.

**8:30**

I'm probably going to start with some questions about advocacy, and then also that's going to bleed into sort of the markets or market access. Along with the food processing centre, lucky to have the Edmonton International Airport in my riding as well. They play a key role in moving some of our agroproducts, so I think it's a really good segue.

Through the chair, of course, I would like to start on page 20 of the annual report, and this is under key objective 1.1, which notes a few significant projects that your ministry is working on related to advocacy. This is both towards the federal government and the United States. Can you please share some additional insights on the key advocacy priorities for your department in '23-24 and what progress was made on these files during this time?

Thank you.

**Mr. Hale:** Yeah. Thank you for the question. You know, we work very hard with our federal, provincial, and territorial counterparts. They're called FPT meetings, and we have FPT working groups through many aspects of agriculture all the way up from the working group to the ADM FPT meetings to the deputy minister FPT meetings and the minister FPT meetings. We work with our partners across Canada to determine issues that are specific to Alberta, specific to other provinces.



We work with CFIA. They're involved in those meetings because we know in Alberta we are an export province; Canada is an export country. In Alberta we have just about 50 per cent of all of the cattle in Canada located in Alberta. We have 70 per cent of the processing located in Alberta; 80 per cent of the feedlots, the fed cattle, are in Alberta of all of Canada. We rely on those markets. We are number four in Canada for hog exports, pork exports. So we need to work very closely with the federal government, the CFIA to ensure that our needs are being met, that we're out working with our export teams. We work with other countries to ensure that they have the ability to purchase our product.

Some of our specific advocacy efforts that we work at home: we have been working with our counterparts on the Pest Management Regulatory Agency, PMRA. They have banned some substances that are very vital to our province's farmers and ranchers, so we've been working with them. Actually, in 2023-24, beginning of '24, at the ministers' FPT meeting they determined that there was going to be a working group started, a PMRA working group, so that there was more input from the provinces and from CFIA on the decisions that PMRA is making. PMRA is an agency under Health Canada. We desperately needed agricultural input into that.

We work on disease management, African swine fever. We work with our North American partners in that and our partners across Canada because we know that if that disease enters our pork industry, it would be devastating. We work on the zoning requirements. Preparedness: we have to have preparedness plans so if there is an outbreak, we can quarantine, we can look after animals, our producers. Also, that feeds into foot-and-mouth, which is a disease that affects cloven-hoofed animals, so it's cattle, you know, sheep, goats, pigs, deer, elk. We're working the same. That is a North American issue that we are working very closely with our U.S. counterparts and all of our Canadian counterparts.

You know, we work on interprovincial trade. We're advocating for that. We have a pilot project that is wrapped up in Lloydminster. I mean, that is the flagship interprovincial trade project in Canada. It's the only one in Canada that has been gazetted. There will be some changes made to the Safe Food for Canadians Act.

We work with specified risk material. We know that when BSE hit in 2003, that was devastating. There are certain materials that need to be taken out of cattle, and there are age restrictions for exports, so we work with CFIA on that and with our partners to allow exports. You know, there are multiple areas that we work with, with our federal, provincial, and territorial counterparts as well as international counterparts, to ensure that we afford our producers the best opportunity to export their products.

**Mr. Lundy:** Thank you very much, Deputy, through the chair. It sounds like there's a lot going on in the FPT world, and it sounds like you guys are doing a great job through these working groups to protect our sector.

You mentioned in your comments at the very end there about sort of international markets or more trade markets in general. I wonder if you might be able just to provide a few comments on how enriching trade partnerships and keeping steady lines of communication with our agricultural trade partners during the '23-24 reporting period benefited Albertans, especially farmers and ranchers.

**Mr. Hale:** Yeah. For sure. You know, as in the introductions, my ADM Wronko is head of that division within our department, the trade division. We have international offices in Tokyo, Beijing, Seoul, New Delhi, Mexico City, and Minneapolis. We have dedicated agricultural staff in those offices that work with our trading partners. They find new leads to export our products to, and

they also work with companies to invest in Alberta. We help our producers in home, our agrifood processors, through the new food centre, help them develop their products through CFIA approvals to be able to export those products into other countries.

You know, we exported in 2023 to the United States \$8.9 billion. China was \$3.1 billion; Japan, \$1.3 billion; Mexico was \$749 million; Indonesia, \$390 million. Some of our top exports: beef was our top export with \$3.9 billion of beef; \$3.6 billion of wheat; \$1.7 billion of canola seed; canola and mustard oil, \$1.4 billion; oilseed cake and meal, \$1.1 billion. We have undertaken in 2023 90 export development initiatives, which included 43 initiatives to connect Alberta companies with international buyers, 34 market readiness initiatives to prepare companies to enter new markets, 13 market promotions and seminars that profiled Alberta and its agricultural products.

You can see from these examples how important export is, and that's why we've spent a lot of time working with our commissions and all of our producers, agrifood processors in the province to find new markets for them and also to attract investment into the province.

You know, I can specifically talk about a couple of companies. Sakai Spice: they're a Japanese company. They own a mustard facility down by Lethbridge. They buy mustard from our producers in Alberta, they process it there, and then they send it over to Japan. Grupo Vida: that's another. It's a Mexican company that has an oat processing facility just outside of Edmonton here. They buy a lot of our oats, they process it, and they ship it to Mexico.

It's very important to our industry that we continue to work with our trading partners and CFIA and our producers to ensure that they have those market opportunities.

**Mr. Lundy:** All right. Through the chair, thank you. Impressive. We certainly have a lot on the go for this incredibly important industry.

I might switch gears a little and talk about a program that you also mentioned in your opening comments. This is on page 16 of the annual report.

The Small Community Opportunity Program provided \$3.24 million [in funding] across 43 projects led by Indigenous . . . or small communities, and the non-profits they work with, to build capacity in agriculture and grow local entrepreneurship, mentorship, and networks.

Through the chair, what kinds of projects were funded under the small community opportunity program, and how were these 43 projects chosen?

Thank you.

**8:40**

**Mr. Hale:** Yeah. Thank you. Yeah. We were very proud of that program, the small community operating program. You know, we recognized that there were challenges, and we developed this program to meet some of those challenges and some of the unique opportunities that rural and Indigenous communities were facing. The SCOP provides grants between \$20,000 and \$100,000 for Indigenous and small communities and nonprofits that they work with. It's to build capacity in agriculture, local economic development, and small-business supports.

There were 77 applications, which you mentioned; 43 were approved, totalling \$3.24 million. It was a crossministry evaluation tool that we used, and it's a scoring matrix to secure the funding, so 17 projects contained components specific to agriculture. Kind of the regional breakdown. We took a whole-province approach. There were three First Nations, seven from east-central, four from

the central corridor, five from north-central, 11 in the northeast, six in the northwest, three in the southeast, one in the southwest, and three in the west.

Some of the examples: the town of Drayton Valley received a grant for \$90,000 that was to assess the feasibility of developing an industrial hemp sector; Kneehill county received \$32,000 that was for a feasibility study for a multi-use tourism facility at the Horseshoe Canyon rec area; Lac La Biche received \$72,077 that will allow the county to collaborate with agritourism partners, develop workshops that will help rural farmers, entrepreneurs, and retailers develop new agritourism ventures; Cold Lake First Nation received \$90,000 that will help them implement a workforce development project to assess opportunities and employment diversification, analyze gaps, and revamp an entrepreneurial support program. Brazeau county received \$45,000. The county will conduct an economic impact assessment of its industrial, agricultural, forestry, and energy sectors to determine how to market the western economic corridor. Travel Drumheller Marketing Association received a grant of \$90,000. The association will deliver a training and professional development program to address skilled labour shortages in the tourism industry.

As I mentioned, this was a great program. We were, you know, very happy to support some of them. There was specific criteria that they had to meet, and that's why we had great uptake. We could only allow 43 of them to go out because of the funding. We ensured that there was no stacking of grants. We worked crossministry to make sure that those grants were paid where they were needed and in the best possible places through this matrix. We were very thoughtful with the taxpayers' dollars, ensuring that they went to the communities . . .

**The Chair:** Thank you.

We will now proceed to questions from committee members from the Official Opposition side. You have 10 minutes.

**Mr. Schmidt:** Thank you very much. Page 38 of the annual report discusses safe food provision and industry compliance. In September of 2023 hundreds of children who were in the care of Fueling Brains Academy in Calgary fell sick to E coli because they were served uninspected meat according to AHS's investigation in the matter. Why did the department's meat inspectors fail to prevent this from occurring?

**Mr. Hale:** Could you repeat that?

**Mr. Schmidt:** Why did the department's meat inspectors fail to prevent these children from being served uninspected meat?

**Mr. Hale:** Well, actually, you know, that was a very troubling time in 2023. Nobody likes to see that. But it was not directly linked to one of our meat processing facilities. There was a committee that was formed to look at the responsible food and licensed facilities. JET is responsible for child care licensing and inspection of child care facilities. AHS is responsible for food inspection in licensed child care facilities and licensed food establishment that supply food for those children in those areas. We are committed to ensuring that our meat inspectors work in our provincially licensed abattoirs. That is our job. We inspect. We do what they call their pre- and postmortem inspections.

**Mr. Schmidt:** Thank you very much, but in this case this was uninspected meat, so the department failed to identify and prevent the uninspected meat from getting into the market. What analysis did the department do to understand why this happened and maybe make some plans to prevent it from happening in the future?

**Mr. Hale:** We work very closely with our meat inspectors. We have 65 meat inspectors and program specialists. In '23-24 we actually hired eight new inspectors. We inspected the slaughter of 4.2 million animals. Over 400 on-farm slaughter operations were worked with. Forty-nine investigations; no prosecutions compared to 17 investigations and one prosecution in '23-24. We are supporting Health to implement the review panel recommendations by providing information and resources.

**Mr. Schmidt:** Thank you, Deputy Minister, but what specific analysis of this event did the department do to understand why this particular lot of uninspected meat got into the hands of Fueling Brains Academy, and what plans did the department do to prevent this from happening again? I still haven't heard any kind of analysis of this particular incident.

**Mr. Hale:** Well, as I mentioned before, that's Alberta Health. That is not our department.

**Mr. Schmidt:** No.

**Mr. Hale:** Yes, it is.

**Mr. Schmidt:** I'm sorry to explain to the deputy minister what his job is . . .

**Mr. Lundy:** Point of order.

**The Chair:** A point of order has been raised.

**Mr. Lundy:** Thank you, Mr. Chair. This a point of order under 23(b) as well as (c). The member opposite has asked this question numerous times. The deputy minister has provided clarification on the scope of this question, which is not before this committee today. And it seemed like he was gearing up for questions 4, 5, and 6 on what was out of scope under 23(b), so this is a point of order.

Thank you very much, Mr. Chair.

**Mr. Schmidt:** Well, Mr. Chair, the government refuses to learn what is and isn't a point of order here in this committee. Again, it is the well-established practice that we can ask questions until we feel that we've gotten a satisfactory answer or have reached a dead end. I don't feel like I have reached that point, and I would like to continue to ask the question. This is clearly under this department's purview. Meat inspection is very clearly a responsibility of Agriculture and Irrigation. I would like permission to continue to ask the deputy minister questions on this particular incident, and this is not a point of order.

**The Chair:** Thank you. I do not find this a point of order. The member just started two minutes into it.

Do you have anything substantive to add to this?

**Mr. Cyr:** I do. I believe my colleague missed 23(j) as well.

**The Chair:** Are you raising a different point of order?

**Mr. Cyr:** So this one here is . . .

**The Chair:** No. What I'm asking is: are you raising a different point of order under 23(j)?

**Mr. Cyr:** Yes.

**The Chair:** Wait for your turn, because there is already a point of order under discussion.

**Mr. Cyr:** So we resolve this, and then we go into – I’m just asking for process.

**The Chair:** Yes. When it’s resolved, you can raise that point of order.

**Mr. Cyr:** Okay.

**The Chair:** In this case, the member raised a point of order under 23(b), which was, I believe, “speaks to matters other than the question under discussion.” I find that this question is well within the scope. Things moving into, I guess, meat inspection in some particular day home may be a bit far, but basic meat inspection is within this department. So the member can proceed.

**Mr. Cyr:** Now I can go with my point of order, sir?

**The Chair:** Okay. Another point of order has been raised.

**Mr. Cyr:** Standing Order 23(j). My understanding is that this meeting needs to go through the chair, sir. It’s clear that he is continuing to cut off the government officials from answering the questions he asks. He’s using a very bullying tactic. It’s unfortunate that he’s using these tactics against government officials. He’s clearly making accusations, abusive and insulting, and it’s causing disorder of this committee, sir. So I ask that this meeting goes through the chair as it should, sir.

8:50

**Mr. Schmidt:** Well, thank you, Mr. Chair. This is not a point of order. This shouldn’t be a matter of debate, but I am simply seeking clarification from the department on what their responsibilities for meat inspection are. I think we have a misunderstanding here about who is responsible for what. I’m quite clearly asking the department to explain to the committee how it is that uninspected meat ended up in a kitchen that was responsible for feeding hundreds of kids and making them sick.

**The Chair:** Again I do not find this to be a point of order, but I think all communication, all comments, should flow through the chair.

**Ms de Jonge:** I wanted to add to that point of order.

**The Chair:** I already ruled on it. If you want, you can raise a point of order.

**Ms de Jonge:** I did raise my hand. You just didn’t see it.

**The Chair:** I think the member raised a point of order. I listened to him, listened to the other side. Once I have concluded that it’s not a point of order, at that point you are trying to add to it? You could have added right after, when we were talking about the point of order.

**Ms de Jonge:** I had already raised my hand, but that’s fine.

**The Chair:** Sorry if I missed that you had.

**Ms de Jonge:** Well, I just wanted to add that the member opposite said: I’m sorry that I have to explain to the deputy minister what his job is. I think that’s really unnecessary language. That’s insulting. That’s completely uncalled for now.

**The Chair:** Through the chair. Just now I think I already ruled on this one. A member can ask these questions through the chair, please.

You can continue.

**Mr. Schmidt:** Thank you very much. Again, we have a case where uninspected meat ended up being served to hundreds of children. Somewhere along the line department officials failed to identify a source of uninspected meat, and it ended up in the market. So what steps did the department take at that point to understand how this happened and come up with a plan to prevent it from happening again?

**Mr. Hale:** I just want to step back and clarify. Our AGI meat inspectors are responsible for provincially licensed slaughter facilities. [interjections] No, no, no. Let me finish.

**Mr. Schmidt:** I have a clarifying question.

**Mr. Hale:** You asked me a question. I let you ask the question. Will you let me finish the answer?

**Mr. Schmidt:** No. I have a subsequent question.

**The Chair:** Again, through the chair.

**Mr. Schmidt:** Mr. Chair, through you to the deputy minister: please help me understand who is responsible for investigating and identifying sources of uninspected meat.

**Mr. Hale:** We focus on harvesting and rendering, and Alberta Health Services focuses on serving and prepared meat.

**Mr. Schmidt:** I mean, in the fall we’ve seen this introduction of increased fines for uninspected meat processing, and that’s clearly come from the department of agriculture.

**Mr. Cyr:** It is going outside the scope of this. Mr. Chair, point of order, 23(b).

**Mr. Schmidt:** Mr. Chair, not only is this not a point of order; I am simply trying to clarify what the responsibilities of the department are for the entire committee. I would sincerely hope that, given the fact that we have hundreds of kids who have fallen sick to E coli infection under this government’s watch, the members opposite would be also interested in understanding why this happened and preventing it from happening again.

Moreover, it has now been at least 10 minutes since I’ve asked two questions, and the government members are continuing to pile on and prevent me from asking questions by raising frivolous points of order. So not only is this not a point of order, Mr. Chair, but I would like, you know, at least an uninterrupted five minutes where I could have a back and forth with the deputy minister.

**The Chair:** Thank you, Member.

Anybody else have anything to add?

I think that I barely heard that fines were increased, and at that point members here raised the point of order. I can’t tell where the member was going with it, what question he would have asked. If the question was about these fines, it would be out of order, but the member was cut off before he even completed the question. I don’t find it a point of order.

Member, proceed with the question and make sure the question relates to ’23-24.

**Mr. Schmidt:** Yeah. Thank you very much. In the ’23-24 year the department clearly identified that there was a problem with the growth of uninspected meat ending up in the hands of Albertans, and Agriculture and Irrigation obviously undertook some planning to prevent this from happening. Please clarify: who is it that’s responsible for investigating potential cases of uninspected meat?

**Mr. Hale:** Our provincial inspectors. We work at the 121 provincially inspected abattoirs. There are 65 meat inspectors and program specialists, which include the eight new FTEs that we brought onboard because we knew we needed to have more capacity. There are 10 dairy processors, 172 mobile butchers, 48 mobile butcher facilities, and over 400 on-farm slaughter operations. That is what our inspectors do. We work with our provincially inspected abattoirs . . .

**Mr. Schmidt:** So in '23 . . .

**Mr. Hale:** Again, if I can finish . . .

**Mr. Schmidt:** Through the chair, then in 2023-24 if I suspected that somebody was butchering and selling uninspected meat, who would I call? Would I call the department of agriculture inspectors and say, "Hey, I think somebody is slaughtering a goat in their garage and selling it to their neighbours"?

**Mr. Hale:** You can call the RCMP. You can call, you know, peace officers. That's an illegal activity under the Meat Inspection Act.

**Mr. Schmidt:** But it's not . . .

**Mr. Hale:** It's illegal to sell uninspected meat. That's a legal issue, so call the RCMP.

**Mr. Schmidt:** So it is not, then, your responsibility to investigate these cases?

**Mr. Hale:** Our responsibility is to work with our 121 provincial abattoirs. Our responsibility is to work with JET to ensure that there's implementation of the review panel recommendations, and our job is to work with Alberta Health Services to ensure that they're supported in the work that they do in the processed meat.

**Mr. Schmidt:** Thank you very much.

You'd mentioned the inspection of slaughtered animals at provincially licensed abattoirs. The report notes that you inspected 200,000 fewer animals than you did in 2022 even though you'd hired eight new inspectors. Why is it that total animals inspected dropped off 5 per cent from '22 to '23?

**Mr. Hale:** Can you point to where you saw that number, please?

**Mr. Schmidt:** That is on page 39 of the report.

**Mr. Hale:** Two-hundred thousand fewer animals. Oh, 4.2 million to 4.4 million. I mean, that's the market, too.

**Mr. Schmidt:** That's 200,000 fewer animals.

**Mr. Hale:** A little bit on the market. We know that through these droughts our cattle numbers have decreased. We are working hard to bring up those cattle numbers, so the numbers decreased. It's supply and demand, too. It also depends on what the consumers want.

**Mr. Schmidt:** Okay. Thank you to the deputy minister. According to the '23 statistics there were more than 5 million cattle and calves slaughtered. That's only a 100,000 drop. You also had hogs. There were 200,000 more hogs slaughtered. So overall there were more animals slaughtered in '23 than in '22, yet the number of animals that were inspected for slaughter dropped by 200,000. Why is that the case? It's obviously not market conditions because there were more animals slaughtered in '23 than there were in 2022. What was the real reason?

**Mr. Hale:** Yeah. It depends on the animals. We have our on-farm slaughter operations that are regulated under our ministry. Those operations, where a consumer will go and buy a live animal, are regulated under Agriculture and Irrigation. There are many. I mean, you can . . .

**Mr. Schmidt:** How many animals were slaughtered on-farm, then, and not subject to these inspections?

**Mr. Hale:** Well, there are over 400 on-farm slaughter operations in that year.

**Mr. Schmidt:** Yeah. But my question was: how many animals were slaughtered? The number of slaughter operations . . .

**Mr. Hale:** We don't have the exact number of animals.

**Mr. Schmidt:** You don't know. Okay. So you don't know how many. You're telling me that you're not inspecting as many animals this year as you did last year because of on-farm slaughter, yet you don't know how many animals you are. The deputy minister's answers are not carrying any water here. What is the real reason that you didn't inspect as many animals for slaughter in '23 as you did in 2022?

9:00

**Mr. Hale:** We don't determine how many animals go through a provincial abattoir or a mobile butcher. That is the market. That is our producers. If they have animals that they are sending, we inspect. We only inspect what is brought to our 121 provincial abattoirs, so when these animals . . .

**Mr. Schmidt:** How many animals went through provincial abattoirs in '23 compared to 2022?

**Mr. Conrad:** About 200,000.

**Mr. Hale:** About 200,000.

**Mr. Conrad:** Every piece of meat has to be inspected.

**Mr. Schmidt:** Okay. Incredibly frustrating. Because if there are only 200,000, what are the other 4 million animals that you're inspecting?

**Mr. Hale:** We have federally inspected plants and provincially inspected plants, so we have JBS, and we have Cargill.

**The Chair:** Thank you.

We will now move to the government members for another 10 minutes of questions. MLA McDougall.

**Mr. McDougall:** Let's take a bit of a change in direction here. We talked earlier about insurance programs. To the Auditor General through the chair, the Auditor General highlighted agriculture insurance policies and procedures that it found, I guess, wanting in the ministry. I see the ministry says it was fully implemented, this recommendation, but I would like to know what exactly were the policies and procedures that were problematic.

To the Auditor General.

**Mr. Wylie:** You're referring to a page of our '23 report, Member, through the chair.

**Mr. McDougall:** Yes.

**Mr. Wylie:** Well, on page 42 we identify what we found. First, let me give you the context. On both of our points to AFSC they dealt with policy. The organization sets policy, and when we do our audits, we of course look to see whether the policy was complied with. With respect to the AgriInsurance we identified findings on page 42 where we indicate that there was a lack of documented evidence to support the completion of the claims review process; that there were required filings for insurance policy changes that were not completed; that the adjusters did not comply with the minimum performance evaluation requirements; and that there were incompatible duties with claim processing of the workflow respecting those claims. Again, they're all relating to the policies and procedures of the organization and whether or not there was compliance with those policies and procedures.

**Mr. McDougall:** And the ministry has fully implemented on your recommendations concerning those areas, then.

**Mr. Wylie:** We have not completed our follow-up work. The ministry has asserted that they have implemented the recommendations. This year we will be doing that follow-up work, and we'll be reporting publicly on the results of our work.

**Mr. McDougall:** Thank you.

To the chair and to the Auditor General as well: can you outline your findings around the cloud computing management process for the Agriculture Financial Services Corporation? I know that the ministry has reported the recommendation was fully implemented June 30th, but during the '23-24 year, what was actually happening? I'd just like to know more about that issue.

**Mr. Wylie:** Thank you, through the chair. Again, as I alluded to, this was an issue with the policies and procedures that were set out by the organization respecting how it would manage the risks related to cloud computing. On page 50 of our report, that's the November 2021 report, we indicated some instances of non-compliance, and those particularly related to the non-compliance with the privacy impact assessments that were not completed as well as the security threat risk assessments that were incomplete. We identified those. As well, we highlighted that there was no formal process to implement, what we refer to as, the complementary user entity controls.

The point here, Member, through the chair, is that when an organization uses cloud computing or any other service provider, that does not abdicate its responsibility to manage that information and the security and privacy of information that is going through that. So what we were looking at here is the assurance that the organization was getting from the services being provided by the cloud computing organization as well, then, as what the organization, in this case AFSC, was doing itself to respond to its responsibilities relating to the security and use of that data going through the cloud system. Again, it really was dealing with the security of the information that was being provided through a third-party cloud service agency.

**Mr. McDougall:** Thank you.

To the deputy minister: during this '23-24 year what was done concerning this concern in terms of resolving this and dealing with this recommendation?

**Mr. Hale:** Yeah. For sure. Thank you. You know, AFSC – and I'll turn it over to Darryl Kay in a minute – continuously looks at ways to make it easier for producers to do business and focus on what the clients need. They listened to the clients, simplified online processes for the program, like accessibility, to make things faster

and easier. They improved the navigation on AFSC Connect and offered up-to-date information on afsc.ca to ensure that clients can easily find answers to their questions. They offered direct deposit for all the business risk management programs, getting money into the client's hands faster; improved the online offerings for lending clients by providing access to loan information and statements through AFSC Connect; and in order to address the risk of using cloud computing, AFSC has undertaken some specific actions that will assist them.

Mr. Kay, if you'd like to add anything.

**Mr. Kay:** Thank you, Deputy Minister, and thank you for the question. Maybe I'll start by saying that, for sure, there is some work to do on policies and procedures for both these recommendations, but I will say that there was really no evidence of any errors found, so I want to start there, certainly on the AgriInsurance claims and even on the cloud computing piece in terms of any breaches.

Obviously, we take our controls over our programs and our systems very seriously. We've made a number of changes on the AgriInsurance side, including introducing, you know, new procedures and new policies, additional training, regular monitoring; lots of work done to make sure that the policies we have in place, we're following.

We have a number of reviews in place. For some of our larger dollar claims, for example, over five individuals in our organization would review and look at that claim. I'm pretty comfortable with the controls we have in place, better documentation now. Looking forward to the OAG coming in and reviewing that work.

On the cloud computing side, again, it's similar. We've completed privacy impact assessments for all of our cloud programs. We've added a privacy portfolio suite, new policies and procedures that really govern how we deal with personal identifiable information. We take that very seriously when we're talking about client and producer information in our systems. We've completed security risk assessment reviews for each of our cloud-based applications, but we also know that we deal with industry leaders, organizations like Microsoft and Salesforce, but there's still, as the Auditor General suggested, some work that we need to do as an organization to ensure that they're following the appropriate controls. We review the work that they do as well. We work very closely with the providers to make sure that we're protecting that data.

**Mr. McDougall:** To switch a bit, on page 15 of the annual report I would like to note that \$321 million was approved under the next generation loans, a program for Albertans 40 and under to get their start in the farming industry. Through the chair to the deputy minister: what benefits does this loan program provide to Alberta and agriculture from your perspective?

**Mr. Hale:** Thank you for that question. That is a very valuable program. We know in the province that the age of our producers, our farmers and ranchers, is increasing. I think the average age is the high 50s. We know the increased production costs, the increased cost of land, all of these input costs continue to rise, you know, and we need to ensure that there is the ability for the younger generation, new entrants, to get into the agricultural industry.

9:10

As you noted, and I noted in my introduction, \$321 million was approved under the next generation loan. That's a specific program; there are parameters that new entrants must fit into. You know, in 2023-24 if they were under 40, they got a very, very competitive interest rate program. There was a time frame where they could

have just interest-only payments. They were able to finance up to 90 per cent of the purchase. Out of the \$321 million the total projects financed the value of \$368 million in total project dollars. We have to continue to find ways, and that loan is a great one.

There's also another; a developing producer loan, it's called. It provides fixed-rate loans to help expand and include . . .

**The Chair:** Thank you, Deputy.

We will now move to questions from the Official Opposition. You have 10 minutes. MLA Renaud.

**Ms Renaud:** Thank you, Mr. Chair. Thank you. I'll be referring to information on pages 5 and 6. In this reporting period the ministry notes on page 6:

Moisture Deficiency Insurance . . . [saw] significant improvements in policies for minimum rainfall and ways to address high temperatures increased protection for livestock producers against drought.

The ministry notes:

These improvements resulted in \$326 million in payouts after producers contributed just \$66 million in premiums for the 2023 growing season.

My first question is: which specific policy improvements increased protection for producers?

**Mr. Hale:** Yeah. Thank you. That is another great program that AFSC provides. We knew that there had to be some changes made in that time frame to the moisture deficiency insurance. Up until the first major drought in 2021, you know, there was good grass growth – the producers could buy feed; feed was not at an exorbitant price – but in those droughts when the grass doesn't grow, there are extraordinary costs that come into play. That's why we have the AgriRecovery program, that we work on with the federal government.

But with the moisture deficiency it's on rainfall and the growth of the grass. We know through experience that there needed to be some changes. Working with our . . .

**Ms Renaud:** Which policy improvements, though? Which policy improvements had the greatest . . .

**Mr. Hale:** One of the greatest ones was that we went to monthly payments. Instead of paying, you know, after the first two months, we went to monthly payments because we knew that in times of drought when they need those finances to secure hay. If you are enrolled in that program and you don't receive moisture in May and June and you don't get paid until August, that first cut of hay is already gone, so we . . .

**Ms Renaud:** It's an improvement. Can you give me another example?

**Mr. Hale:** One of the other ones is the heat adjustment. It used to be that there was no heat. We know that if you get a tenth of rain or, you know, two-tenths of rain and it's 35 degrees, that rain does not go very far; if you get two-tenths of rain at 20 degrees, it does a lot more good, so we put the heat gradient in there. If it's 30 degrees, you get some benefit. If it's higher, like 35 degrees – I don't know. Maybe if . . .

**Ms Renaud:** Thank you very much. Does the ministry expect the need for producer protection will increase to follow climate change related trends?

**Mr. Hale:** Well, you know, when we look back in 2023-24, what we're here to talk about, that's why we made those changes in

moisture deficiency, so we could be more responsive to our producers. That's why we continued to at that time promote the AgriInsurance, because we know that proves it's needed with the changing markets, the changing climate, not just the environmental climate but the world climate, with the increases in our need to provide food not just for ourselves but for our exports.

**Ms Renaud:** Just out of curiosity I just did a quick search as I was looking through the report just preparing for this. The '23-24 annual report that we're talking about today really only mentions climate change one time, and that was in a description about a federal-provincial partnership that looked at, I think it was called, the sustainable Canadian agricultural partnership. That was in '23, and that's a five-year, \$3.5 billion investment that focuses on climate change, environment, building sector growth, capacity, research, innovation, and all of that. That was really the only mention of climate change, so I'm just curious. It seems to me that this particular ministry would be very attuned to what's happening in terms of climate change and climate change mitigation.

**Mr. Hale:** Absolutely. We are. We have a number of programs. Just because it doesn't specifically mention the word doesn't mean that all of our programs don't do something to help our producers. In my opening statements I mentioned the \$933 million partnership between CIB, irrigation districts, and the government of Alberta, the largest one-time investment from everybody into irrigation. That is to assist our irrigation districts with water-saving initiatives. It's all about efficiency.

**Ms Renaud:** My question, though, is about that. I'm not a scientist. I'm certainly not a producer. So for me reading a report like this, it would be very clear and almost plain language if you're talking about climate change mitigation, that you would actually use that phrase. I'm just curious why the report actually doesn't even use those words. It just seems odd.

**Mr. Hale:** Well, you know, I can't comment exactly why the words aren't used, but I would rather show by action than by talking. That's what we're doing with providing all of these programs for our producers. You mentioned the sustainable CAP program. We have a RALP program. That's a business risk management program to improve carbon sequestration. We provided \$38.5 million to RDAR for a number of different research projects to minimize agriculture's environmental footprint. I mentioned the sustainable CAP. There are a number of programs, farm efficiency programs.

**Ms Renaud:** Sustainable CAP is a federal program that mentioned climate change, right? I am aware of that.

**Mr. Hale:** It's a shared program.

**Ms Renaud:** Just out of curiosity – I don't really understand how the process works for editing an annual report – is there any political assistance with choosing words or phrases in a report or suggestions of what not to use?

**Mr. Hale:** You know, I'm not sure where you're finding that in the report. Like, specifically . . .

**Ms Renaud:** Well, it's not in the report. I'm asking you a question.

**Mr. Hale:** About the report?

**Ms Renaud:** It just seems odd that climate change is not mentioned in this annual report. I just can't figure that out.

**Mr. Hale:** Well, you know, as I mentioned, it's by our actions. We like to show . . .

**Ms Renaud:** All right. I'm going to move on.

On page 15, under growth and economic sustainability, I note the ministry highlights:

Results Driven Agriculture Research leveraged \$38.5 million in Alberta funding to support active producer participation and research knowledge transfer through 685 research projects since 2020, including 363 active [ones].

How many of those 363 active producer projects in this reporting period touch on climate change mitigation? They may not use those words, as you suggested, but how many touch on climate change mitigation of the 363?

**Mr. Hale:** Yeah. Well, I would hazard to say that most of them do. You know, they have invested \$11 million in support of our applied research associations, that do all sorts of research for producers on how to improve their operations through sustainable projects.

**Ms Renaud:** So 363 active producer projects in this reporting period that are being funded touch on climate change mitigation. Is that what you're saying?

**Mr. Hale:** Well, you know, there was \$3 million over three years to establish a transdisciplinary irrigation cluster with . . .

**Ms Renaud:** But that's not my question, though. My question is, like, about these – so there's 363 active projects in this reporting year, so we're looking backwards. You're suggesting that all 363 of these active projects do in some way touch on climate change mitigation?

**Mr. Hale:** A lot of them do. If I can continue to provide you the answer . . .

**Ms Renaud:** Well, I don't need the list of them.

**Mr. Hale:** But it shows up in what projects . . .

**Ms Renaud:** My question again is, going back to my point earlier, that I think this is such an important topic, that we're not even using the words, and it really doesn't actually make sense to me.

**Mr. Hale:** Well, I would suggest that, you know, if you specifically want to talk to RDAR, you can call them. They are very accessible.

**Ms Renaud:** I can call them? Okay. Great.

**Mr. Hale:** They can give you specifics. We know specifically the dollar figures that we give to them, where those dollars are spent. They do research to support development of pest-resistant crop priorities: \$650,000 towards a honeybee health project to accelerate beehive technology; \$400,000 in potato quality and storage projects . . .

9:20

**Ms Renaud:** I'm going to cut you off there. I'm running out of time. I'm going to back up a little bit and talk about AgriInsurance. Just quickly, how does increasing AgriInsurance participation affect the sustainability of the AgriInsurance program given the drought conditions?

**Mr. Hale:** Well, participation is very important. If there's higher participation, we know that those products work, and on the good years, when there's higher participation, that allows us to build up that crop fund. We know that, you know, before the drought started

in 2021, there was significant funding in that crop fund. That is from producers. That allowed us to give the producers a break on their premiums, when we knew that the crop fund then would be sustainable in paying out the insurance claims. We know that it's a valuable tool for our producers. When the money is needed, it goes to payment, and when the money isn't needed, then it goes to build up the . . .

**Ms Renaud:** Just one last question before my time runs out. I've asked this before. We hear frequently about, you know, unprecedented events, whether it's drought or flood. Are there any kind of metrics at all for the ministry to use to decide when it's unprecedented and when it's become normal?

**The Chair:** Thank you.

We will now move back to government members for questions. You have 10 minutes, MLA Cyr.

**Mr. Cyr:** I'd like to thank the ministry for coming before us today. Ag is near and dear to my heart in Bonnyville-Cold Lake-St. Paul. Clearly, I'm very thankful that you forwarded the grant to Cold Lake First Nation, that \$90,000 grant. I know that we were very receptive of that. That was very generous. I know that my First Nations are appreciative of that as well.

Now, Member Schmidt had kind of talked about food inspection and really cut you off multiple times during that process. I believe there's . . .

**Mr. Schmidt:** Point of order, Mr. Chair, under 23(j), using abusive or insulting language. Of course, the member knows that he's mischaracterizing my interactions with the deputy minister. I simply had achieved the result that I wanted to and wanted to move on to my next questions. At no point did I cut off the deputy minister or do any of the other things that the member is suggesting. I ask that this be ruled a point of order and that the member apologize for his comments.

**Mr. Rowswell:** I think it's a matter of opinion, and that's his opinion. I think he should be allowed to ask his question.

**The Chair:** Anybody else want to add anything?

I think members can ask questions as we see fit. Those kinds of comments: I do not find them a point of order, but still those kinds of references will not be helpful for conversation here.

Member Cyr can proceed with his questions.

**Mr. Cyr:** Thank you, Mr. Chair, for that correct ruling.

Getting back to the food inspection, I'd like it to be on the record here exactly how the process works. I don't believe that you were given a fair opportunity to communicate what your responsibilities are when it comes to food inspection, what the responsibilities of other departments are. Would you mind taking a little bit of time to explain the whole food inspection to us?

**Mr. Hale:** Yeah. Thank you. Thank you for the opportunity to clarify and explain exactly what we do in the ministry. Protecting the public and ensuring food safety and maintaining confidence in our food system is one of the top government priorities. Also, when I talk about the food, you know, the safety of our food, it's our producers. It's the reputation of our producers. We are known around the world for producing such a premium product, whether it's our grains, our oilseeds, potatoes, beef, pork.

Our producers do not want any black marks. That is why we have our provincially inspected abattoirs. When our 65 meat inspectors go to a provincially inspected abattoir – and that is for beef, for

pork, for chickens, sheep, all types of animals that are processed in the province. You know, dairy: dairy is huge. We have a lot of dairy in the province, and there are dairy inspectors. We work with our 172 mobile butchers. There are the 48 mobile butcher facilities, and I mentioned the over 400 on-farm slaughter operations.

We are very cognizant of the export market, and, you know, the federally inspected plants, which I mentioned – Cargill, JBS, Harmony are the three biggest ones – are federally inspected. There are federal inspectors that go in. They do the same as our provincial ones, premortem and postmortem inspections, to ensure that the animals, when they come into the facility, are in good health and that the carcasses, when they are processed, are premium quality.

We work with the CFIA and we work with Alberta Health Services and, you know, the federal government. They administer the Safe Food for Canadians Act in their facilities. Any of the meat that is processed in a federally inspected plant can be exported. Alberta Health Services is responsible for meat sold at retailers and for meat processing businesses that are not directly connected to slaughter.

We in AGI: our Meat Inspection Act and regulation governs the provincially licensed slaughter and meat processing facilities, including abattoirs, mobile butchers, mobile butcher facilities, and on-farm slaughter operations. So AGI: our meat inspectors are in charge of the slaughter facilities. AHS is in charge of the processing, where there's no slaughter.

**Mr. Cyr:** Well, thank you for that in-depth answer. I do really appreciate it. I know that I've got a lot of faith in our food inspectors and your department making sure that our food supply is safe, so thank you so much for that.

I would like to move on to something a little different here. What I'd like to start off is page 22 of the annual report, under key objective 1.2, the Made-in Alberta voluntary labelling program. I see that it's an external program, and the minister was provided \$1 million from '23-24 to run this program, which helps shoppers more easily identify local products and promote Alberta-made foods and beverages. I have two questions. Can the ministry please explain to the committee who is the external program administrator overseeing this program, and can the ministry please explain why this program was moved outside of their department, sir?

**Mr. Hale:** For sure. Yeah. This was a great program. It basically came out of COVID. We knew that we needed to find ways to promote our producers within the province. Buy local. Everybody talks about buying local, so we developed this program to quickly identify foods and products that were grown and processed in the province of Alberta to try to keep more of the money in the province and help our producers. That's why the made-in-Alberta labels launched in the spring of 2023.

We did send out a competitiveness process. We put that out there, and the Alberta Food Processors Association was awarded. It was a competitive bid, and they were awarded the project. That was a \$5 million project, so much per year up until 2027. There have been 407 companies that signed up for the program, with 525 different products showcased on the made-in-Alberta website as of April of 2024. In November of '23 there were 311 legal entities enrolled in the program, which shows a growth of almost 31 per cent in six months.

He did ask why we moved it out of our department. It's because we knew how popular this program was going to be, and cabinet at the time proposed to have it as a third-party company to deliver this program. That's why we sent it to an open competition and awarded it to the Alberta Food Processors Association.

**Mr. Cyr:** Well, thank you for that answer. Again, I'm very proud of all of our local producers.

I'd like to cede my time to Armstrong-Homeniuk, please.

9:30

**Ms Armstrong-Homeniuk:** Thank you, Chair. Through you, I would like to wish everyone a good morning here. Being the MLA for Fort Saskatchewan-Vegreville, I'm proud of the producers in my area and the province. I have lived around farms most of my life, and I know that farmers and ranchers are good stewards of the land. They work tirelessly to produce the food we eat, and for that I am grateful. Deputy Minister and staff, I want to thank you for your passion for ag and for all the work that you do, and I'm sure you have the same passion as I do for ag.

This government is proud to be a leader in environmental stewardship. I note on page 37 of the ministry's annual report that there are numerous initiatives your department has undertaken in the 2023-2024 reporting period to address environmental sustainability. Can you please provide some additional information on how your department worked with producers and industry in the 2023-2024 reporting period to address environmental concerns?

**Mr. Hale:** Yeah. Thank you for the question. You know, the producers in Alberta are very proud. We take a lot of our examples and a lot of our processes; we learn from them. Our ag producers are the best environmentalists around. They've been on this land for decades and decades, for generations and generations. They are who we learn from. You cannot grow the premium products that we do in this province without clean air, clean land, and clean water. We don't need to put the words in a book. We know by living and we know by examples of our producers how they've improved.

I know that you know full well that – you know, years ago farmers used to cultivate. You would do rotational cropping. You would give the land a break for a year, and you would summerfallow it. Now we've moved to intercropping, zero till. That is a great way to continue to store carbon. We have, I mean, so many examples. Our farmers are continuously accessing programs and working with our researchers and our universities, our colleges, RDAR. There's so much work being done by our producers that we don't need to tell them what to do. We use their examples to help them. It's their ideas that are brought forward, that we work with. We work with them.

That's why the government shifted to Results Driven Agriculture Research, which is a farmer-led research program. Nobody knows better than a farmer . . .

**The Chair:** Thank you, DM.

We will now move to questions from the Official Opposition committee members. You have 10 minutes.

**Mr. Schmidt:** Thank you very much, Mr. Chair. According to the 2023 agricultural statistics fact sheet that's published by the department, Alberta households spent over \$9,000 per year on groceries in 2023 while the Canadian average is only about \$8,000. It also notes that inflation of food prices in Alberta in 2023 was over 7 per cent. Does the ministry have a target for the cost of food for the average Alberta household?

**Mr. Hale:** Well, you know, that's something that you could bring up with Affordability and Utilities. Our job is to work with our producers and our legislation and regulations under the province to help our producers grow and continue to grow their products through a number of different initiatives that we take.



**Mr. Schmidt:** So there's no target for cost of food. I assume, then, that there's no target rate for the inflation of the cost of food either for the department. Is that correct?

**Mr. Hale:** Oh, we're doing everything we can to help our producers stay competitive.

**Mr. Schmidt:** Thank you.

**Mr. Hale:** We know through the work with AFSC, the work that they do to provide producers that backstop . . .

**Mr. Schmidt:** Thank you, Deputy Minister. That answered my question. I appreciate that.

Page 19 of the annual report discusses the sustainable Canadian agricultural partnership grants. In this fiscal year under consideration today McCain Foods was granted \$500,000 for the emerging opportunities program. Can the deputy minister tell the committee what project this grant funded?

**Mr. Hale:** For the SCAP funding?

**Mr. Schmidt:** Yes.

**Mr. Hale:** For McCain Foods? Well, McCain Foods: we're very fortunate to have them in our province, in that food corridor down in Lethbridge. You know, they announced a \$600 million expansion, and a lot of that was because of the agriprocessing investment tax credit that we brought in. That's a minimum \$10 million build, 12 per cent nonrefundable tax credit on their eligible capital expenses. That is a great program to help food processors come into the province, which ultimately helps our producers. We know that Alberta now is the number one potato-growing . . .

**Mr. Schmidt:** Thank you, Deputy Minister. I sincerely hope the deputy minister is getting to a description of the \$500,000 grant that was given to McCain. I've got questions about the investor tax credit, and we can get to that in a minute, but right now I'm looking for details on the grant.

**Mr. Hale:** The specific grant?

**Mr. Schmidt:** Yes.

**Mr. Hale:** Well, you know, we can supply the exact details of that grant to you later in writing.

**Mr. Schmidt:** Well, thank you very much. It's concerning to me that when the UCP asks questions about grants, the deputy minister has answers at the ready, but when we ask questions about grants, we have to look back and get it back to us in writing.

McCain is currently under investigation in the United States for price fixing. Is this grant tied in any way to product cost or fair trade practices on behalf of the operator?

**Mr. Hale:** Well, actually, if you mentioned they're under investigation, then I cannot comment on anything legal.

**Mr. Schmidt:** No. But the grant program itself: for an eligible recipient are any of the conditions of the grant tied to the operator who is applying for the grant, whether it's McCain or anybody else, engaging in fair trade practices? Does the department take those things into consideration when deciding who gets a grant?

**Mr. Hale:** We have a number of specifics on our grant agreements. We have a lot of different grants that we provide, and each grant is different. There are different types of grants.

**Mr. Schmidt:** I understand. I'm asking the deputy minister for one specific criteria, fair trade practices. Does the department examine fair trade practices when deciding who's eligible for these grants?

**Mr. Hale:** Can you point to a page in the annual report where you're talking about fair trade practices?

**Mr. Schmidt:** The question is about the grants, and those are discussed in the annual report. We don't know the eligibility criteria. I'm asking if fair trade practices are an eligibility criteria in the grant program.

**Mr. Hale:** Which specific grant program? We have multiple different grant programs. There's multiple different criteria and there are different grants that we work with through different ministries.

**Mr. Schmidt:** Yes. Just to remind the deputy minister, I'm talking about the emerging partnership grant, the \$500,000 that McCain was given.

**Mr. Hale:** And I explained to you that we will get back to you on that specific grant agreement.

**Mr. Schmidt:** Right. My question is: for that grant program, are fair trade practices a criteria for selection for a grant recipient?

**Mr. Hale:** I told you I would get back to you on the specifics of that grant.

**Mr. Schmidt:** Thank you very much. Okay.

Now the agriprocessing investment tax credit, which is discussed on page 33. The report says that six conditional letters of approval were sent out and that 11 applications were received. What were the five projects that were rejected and why?

**Mr. Hale:** That is not for public knowledge. That is internal with our department.

We are very proud of this program, as I mentioned earlier. We saw, you know, a huge uptake . . .

**Mr. Schmidt:** Thank you very much.

Okay. It seems concerning to me that – how will investors know whether or not their application is likely to be successful if they can't see who hasn't been successful?

**Mr. Hale:** We work very specifically with each individual company that comes. We have a dedicated team that works with them. Each application is different. No two businesses are exactly the same, their expenses. We have a set of criteria under the legislation and the regulations that we work with. Our team specifically works with each individual company to ensure that they understand the program, understand what is an eligible expense and what is an ineligible expense. We spend a lot of time working with each individual company and helping them through the system, and possibly, hopefully, you know, their company qualifies.

**Mr. Schmidt:** Thank you very much.

Given that the department, as the deputy minister said, spends so much time, would you consider that a nearly 50 per cent rejection rate is a successful program?

**Mr. Hale:** It doesn't necessarily mean that it's a rejection rate; it's not approved at this time. In the work that we do with these companies, the ones that we sign on and say, "Yeah, you will qualify," a conditional letter of approval, those are completed.

The ones that maybe were not completed in this time frame: it's not that we're done with them. We will continue to work with them. We will continue to ensure, you know, their ineligible expenses, the specifics with their individual company, is in some way fitting, but I will . . .

9:40

**Mr. Schmidt:** Thank you very much. That answered my question. I appreciate that, Deputy Minister.

The deputy minister has mentioned in discussions at committee today that Mexico is Alberta's fourth-largest export market. Now, recently the Premier has mused about kicking Mexico out of the North American free trade agreement. The North American free trade agreement is set to expire in 2026, so I assume that the department has been engaged in some kind of contingency planning for this. What was the department's analysis of the impact of this trade agreement, and did it do any contingency planning for the ending of this trade agreement with Mexico in this fiscal year?

**Mr. Hale:** I will remind the member that we are talking about the '23-24, so any comments made after the end of this fiscal period I will not comment on.

**Mr. Schmidt:** As I said, when the trade agreement was signed, it was set to expire in 2026. I assume the department doesn't just sit back and wait until December of 2025 to figure out what's going on with the free trade agreement. What work did the department do in '23-24 to analyze the impact of any changes to that free trade agreement on Alberta's producers?

**Mr. Hale:** We continuously work with our partners internationally. You know, that's a federal issue. Our experts are federal. Our trading partners: we work with them. We work with the CFIA. We work with our federal and provincial counterparts to ensure that there are processes in place that allow our producers the opportunity to export to their markets. We work with international partners. In '23-24 the minister and I went to Japan and South Korea because we have huge ties with them. That is to increase our trade.

**Mr. Schmidt:** Deputy Minister, though, Japan and South Korea are not Mexico. What undertakings did the department take in '23-24 to understand the potential impacts of changes to the free trade agreement with Mexico? Feel free to be as specific as possible, but I'm only focused on Mexico right now.

**Mr. Hale:** Oh, Mexico. Well, Mexico is one of our largest trading partners. We export beef, and it's interesting because for a number of years the Mexican cattle associations are coming up here. They're buying our embryos. They're buying our genetics because they know we have superior genetics for cattle in the province. We export a lot of products to Mexico, and we import products from Mexico. So they are a valued trading partner, as the United States is, as South Korea is, as Japan is. We will continue to work with every one of our trading partners because we know that's the best thing for our producers. We don't single out; we work with each one.

**The Chair:** We will move to questions from government committee members. You have 10 minutes.

**Ms de Jonge:** Thank you, Mr. Chair, and through the chair to the deputy minister and members of the department: thank you for being here this morning. You've already heard from my colleagues here beside me that we have a great respect for Alberta agriculture,

the importance that it has in this province. It's part of the Alberta crest. It's right there. It's part of our identity. So thank you for the critical work you do to support Alberta ag. You know, we know that the previous NDP . . .

**Mr. Schmidt:** Point of order, Mr. Chair. Under 23(c) the member is engaging in needless repetition. Every time one of the members of the UCP has started to question the deputy minister, they've made similar comments about their alleged appreciation for agricultural producers. We've heard the Member for Bonnyville-Cold Lake-St. Paul talk about a specific grant to a First Nation. This is clearly a point of order. The time of this committee is limited. I ask that the member get to the questions.

**The Chair:** Thank you, Member.

**Mr. Lundy:** Thank you, Mr. Chair. This is clearly a matter of debate. Speaking about the department officials before the committee certainly would be an appropriate use of this committee, and this is a matter of debate. This is not a point of order.

Thank you, Mr. Chair.

**The Chair:** Thank you.

It's not a point of order, Member. You may proceed.

**Ms de Jonge:** Yeah. It's kind of sad to hear comments appreciating the importance of Alberta agriculture being shut down in this committee. That sort of disrespect for our producers, for our farmers . . .

**Mr. Schmidt:** Point of order, Mr. Chair. Again, 23(h), making an allegation against another member. We heard the Member for Chestermere-Strathmore clearly imply that I was in any way disrespectful to producers or members of the department. That's obviously not true. I'm showing respect for the process of the committee by encouraging the members to get to their question, and then she's responding to this by mischaracterizing my statements and making these kinds of allegations that aren't founded. I ask that this be ruled a point of order and for the Member for Chestermere-Strathmore to apologize for her comments.

**Mr. Rowswell:** She's just building context towards her question, and I wish she'd be allowed to do it.

**The Chair:** I think we have only maybe 10 minutes remaining in this committee. We can get through this. I ask the member to continue with her question and get to the question. It's not a point of order.

**Ms de Jonge:** Awesome. Thank you. Yeah. It's not. Thank you for your correct ruling.

Today I'm going to be asking about irrigation. That's a file of particular interest to me as a farm kid, as an MLA of largely rural constituency. As you know, Chestermere-Strathmore is home to the Western irrigation district. It's quite unique because their Reservoir No. 1 is the water body Chestermere, that that city was built around. That's interesting. We've also had in Strathmore the CPR supply farm. The intent of that was to teach farmers in Alberta how to farm in Alberta's arid landscape, and irrigation was a huge part of that. So it's incredibly important to my constituents, and we appreciate the government's support for irrigation.

Key objective 1.3 on page 23 of the report focuses on the expansion and the improvement of the irrigation network in Alberta and to maintain our standing as leaders in food development and distribution. That objective can be seen through the irrigation rehabilitation program, which saw \$13.5 million in

funding in the 2023-24 reporting period to support a conversion and rehabilitation of open, unlined canals to newer and more efficient water technology. Through the chair, I'm wondering if the deputy minister can expand on the projects completed by the IRP in the '23-24 reporting period. I'm also interested to know what criteria needed to be met for a canal to be deemed inefficient and which canals were granted priority in the '23-24 reporting period.

**Mr. Hale:** Yeah. Thank you to the member for the question. You know, this is another one of the great many programs that we have in agriculture. The IRP program is the irrigation rehabilitation program. We funded it \$13.5 million for irrigation districts. How the funding is set up is that the irrigation districts provide 25 per cent per project and the government provides 75 per cent. Those irrigation districts will look at a three- to five-year program of infrastructure, renovations, revitalization that they need to do within their districts. They determine which projects need to be upgraded, and they have certain specific criteria for canals.

The second part of your question I'll answer kind of the same. There are certain criteria. They know if a canal is leaking, if the liner is damaged, you know, what needs to be done for efficiency. Every one of our irrigation districts and all of our water users within those districts are looking for efficiency gains. That's how we can continue to do more with the water that we have.

The IRP projects: each individual irrigation district will look at what projects they want to do. They will provide that list through AIDA to Irrigation Council for approval. They know from year to year what projects they're going to tackle the next year, which allows them to purchase pipe, which allows them to get their finances in order for those coming projects.

A couple of the examples, you know, for water efficiency that I mentioned: 2.55 kilometres of buried pipe to replace an open channel canal, reducing maintenance costs while delivering water for 4,422 irrigated acres, livestock operators, and other users; increased system capacity, 1.4 kilometres of buried pipe to replace a deteriorated canal, improving water efficiency, part of a larger project that serves 691 irrigated acres and domestic habitat and livestock users. These programs are continuously evolving. You know, we support our irrigation districts through multiple different programs, but this is one specific program where, again, we take their lead. They know what projects they need to do, so we work with them. We help provide funding to enable them to complete these projects in a timely manner.

9:50

**Ms de Jonge:** Through the chair, thank you very much. I know that producers and farmers in my constituency have benefited from that program, and it's great to see that work continue.

Flipping now just ahead to page 24, I see under key objective 1.3 that the ministry has highlighted the irrigating Alberta infrastructure grant program. That's a one-time acceleration initiative of IRP-like projects that are funded jointly by the Canada Infrastructure Bank, the nine participating irrigation districts, and the ministry. It says in the report that year 3 of this \$933 million agreement saw \$22.3 million invested to complete 38 out of 92 projects so far with additional work being done on another 38 projects.

Through the chair, I'm wondering if the ministry can please explain to the committee what projects were being completed in the '23-24 reporting period, including what work has been done on those 38 additional projects. As part of your answer, through the chair, Deputy, if you could also explain just broadly how this grant is empowering the Alberta agriculture industry and

how the construction on these projects is really giving back to predominantly rural Albertan communities surrounding these developments.

**Mr. Hale:** Yeah. Thank you. You know, this was a generational program, the largest of its kind, a one-time commitment from not just the government but from our irrigation districts – and our irrigation districts are made up of our water users – and the CIB, Canada Infrastructure Bank. It was a project that was brought together very quickly because we saw a need. Back in that time we knew that there was a need for more production. How do you increase production? You increase it through irrigation. In order to increase irrigation as quickly as we wanted to create water efficiencies, our producers do tremendous work.

You know, if you look 20 years ago at the number of acres within each district that was flood irrigated – that's where you have open canals, open ditches where water would be put down; you have canvas dams and a shovel and a pair of rubber boots, and you just send that water out – to where now we have low-pressure pivots, centre drive pivots where they're using minimal amounts of water, there are technologies that have been advanced: variable frequency drive pumps so you can set the water usage on your field, so the pivot will slow down and put more water on certain areas, speed up and put less water on certain areas. You can run these pivots from your phone. It's all about efficiency.

The government of the day knew through working with our irrigation districts that it needed to be a commitment, a larger commitment that complements our IRP funding. You know, 50 per cent of these projects were funded through CIB as a loan to the irrigation districts, and the other 20 per cent was cash up front from the irrigation districts and 30 per cent grants from the government.

We do know that after COVID there were supply chain issues, so some of the projects didn't proceed as fast as they could have. You know, there was one of the major pipe suppliers, IPEX, here in Edmonton. I do know that at that time the irrigation districts all worked very closely together. They are one big community; they talk regularly. Their projects were shifted and changed to afford every irrigation district the ability to do some sort of project because there were shortages in pipe. We saw it in every aspect of our province, the supply chain issues. The government, the irrigation districts continuously work on ways to improve efficiency, which will increase production using less water.

**The Chair:** Thank you.

For the final round members will have three minutes to read questions into the record for a written response, starting with the members of the Official Opposition. Nothing?

The government side.

**Mr. Rowswell:** Deputy Minister, I am sure you are aware that your industry is at a crucial tipping point as one generation of farmers prepares to retire and pass the torch to the next generation. Page 24 of the annual report highlights programs to support the next generation of farmers with access to capital through AFSC lending services. Are these programs addressing the root issue of bringing in the new generation of producers? If not, what else did your department do in '23-24 to address this critical issue?

Page 27 of the annual report notes key objective 2.1, which states the ministry wished to “coordinate government-wide effort on rural economic development.” Could the deputy minister please speak to the key objective and explain to the committee how the ministry ensured that our departments such as JET were not duplicating efforts and that programs and supports are aligned during the reporting period?

That's it.

**The Chair:** Anyone else?

**Mr. Rowswell:** No.

**The Chair:** Thank you.

I would like to thank the officials from the Ministry of Agriculture and Irrigation and the office of the Auditor General for their participation and responding to members' questions. We ask that any outstanding questions to be responded to in writing be responded within 30 days and forwarded to the committee clerk.

At this point, ministry officials, if they wish to leave, could. Thank you.

**Mr. Hale:** Well, thank you. As you can tell from the team and our comments today, we are very proud of agriculture in Alberta.

**The Chair:** We have concluded the meeting, so you can leave. We have other business to get to.

With respect to the spring meeting schedule the subcommittee on committee business met on November 19 and then on November 29 to discuss the 2025 spring meeting schedule. The subcommittee report on those meetings was made available to the members on the internal site. The six ministries recommended are Jobs, Economy and Trade; Tourism and Sport; Infrastructure; Municipal Affairs; Arts, Culture and Status of Women; and transportation.

In addition to this list, the subcommittee has recommended that the committee dedicate on a trial basis two meetings during the 2025 spring session and one during the fall session to review identified audit reports of the Auditor General. For these audit-focused meetings the appropriate entities would be invited to respond to questions related to the identified reports. Afterward the committee may choose to report to the Assembly a summary of these meetings, including any recommendations the committee may choose to make to the Assembly regarding these audit-focused reviews.

The idea to hold some audit-focused meetings was derived at least partially by information the deputy chair and I heard earlier this year at the Canadian Council of Public Accounts Committees conference regarding how some other Public Accounts committees focus their work. Although not a common practice, Alberta's Public Accounts Committee has held audit-focused meetings in the past. The most recent example was a meeting held in 2017 with the Ministry of Health, Alberta Health Services, and the Alberta Medical Association and the College of Physicians & Surgeons to review the Auditor General's Better Healthcare for Albertans report. The trial process, if agreed to, will be reviewed following the 2025 fall session. The final recommendations are for the committee to hold an off-the-record meeting with the Auditor General prior to the 2025 spring and fall sessions to brief members on recently released audit reports and to delegate to the subcommittee responsibility to select the audit reports for review.

Deputy Chair, if you have anything to add.

10:00

**Mr. Rowswell:** Yeah. I'll just say that I look forward to this and involving the Auditor General in his reports. We can even sync that a little bit better with what you're studying, when you're going to release it, and when we can review it. So that it doesn't get out of date is the goal. I'm looking forward to this, and I think it will be a good thing.

**The Chair:** Thank you, Deputy Chair.

Anybody else want to weigh in or comment? Member Schmidt.

**Mr. Schmidt:** Thank you, Mr. Chair. I have a few questions, I guess. I understand that we want to have an off-the-record meeting to discuss recently issued reports and come up with a selection of reports to have these audit-only meetings. Are we confined in scope as to which Auditor General reports we are going to be looking at? What's the intention here of this recommendation from the subcommittee as far as which reports we'll be looking at in these meetings?

**The Chair:** I think we will be looking at the most recent reports, and the purpose of those meetings will be that the Auditor General will provide a technical briefing on those reports to help us better understand those reports, and at that point we can decide which reports we want to bring before the committee.

Did I answer your question?

**Mr. Schmidt:** Well, sort of. Like, again, I'm looking for a definition of most recent. Perhaps the Auditor General can remind the committee, because it's my understanding that the Auditor General generally releases two reports a year. Is that right? There's a spring crop of annual reports and a fall crop of annual reports. Is that more or less correct?

**Mr. Wylie:** I would suggest three times a year. Yeah.

**Mr. Schmidt:** Just remind the committee: what's the rough schedule of the release of those reports?

**Mr. Wylie:** Spring, summer, July, and then fall.

**Mr. Schmidt:** Knowing that, I guess, and understanding that the committee clerk has already circulated notice of an off-the-record meeting to discuss those reports, what is the time frame of reports that the Auditor General has already issued that the subcommittee had in mind here? Like, are we just going to look at the November reports? Are we going to look at the November and July reports? Are we going to look at the November, July, and March reports? Two years, three years? What was the intent of this recommendation from the subcommittee?

**Mr. Rowswell:** Yeah. I think there are seven reports that you have outstanding that are kind of recent. Is that right?

**Mr. Wylie:** That's correct. I'll just speak generally. My takeaway was that it would be reports released within the last reporting cycle that would be the ones that would be, I would suggest, first on the docket. The committee has in the past tried to cycle through the various ministries. I think what we were looking at was potentially some of the stand-alone reports that we've issued. For example, in July I believe we issued the one on surface water management. That was my takeaway, but I don't want to . . .

**Mr. Rowswell:** The way I see it working is that he's going to give us a presentation on those seven. Then from that, we will pick the two that we want to talk about in the spring, and then we'll get a report on whatever ones are released. You know, when he releases the report, we'll have an in camera meeting about those ones and then pick which one we want to do in the fall.

**Mr. Schmidt:** I see. Okay.

Then a follow-up question. The intent now, as I understand from listening to the discussion and reading the recommendations, is to select two reports from the reports that have been generated from the Auditor General's office from the last cycle. But the subcommittee is recommending one audit-specific meeting. Is the

intent, then, to discuss the two reports that the committee selects at one meeting, or was it two meetings?

**Mr. Rowswell:** Yes.

**Mr. Schmidt:** Okay. Then can the subcommittee members give the committee a sense of when those two – because it says in the spring, but we only have one audit-specific meeting on the list. Can the subcommittee give us a sense of what they were thinking as far as timing for the audit-specific meetings?

**The Chair:** I think for the year ahead we are proposing three audit-specific meetings. There is a motion before us, that I will put on the screen shortly, that will give you the sense of when those meetings will occur. For now I think there are placeholders for two meetings with the Auditor General in spring session.

**Mr. Rowswell:** Yeah. If you look at the list there, it's one, two, three, four, and then five, right? Five would be one of them.

**Mr. Schmidt:** I see.

**Mr. Rowswell:** And then one at the end.

**Mr. Schmidt:** Understood.

**The Chair:** The idea is that the Auditor General releases a report three times a year, so there are three audit-specific meetings.

**Mr. Schmidt:** Understood. Okay. Thank you very much for that explanation.

Now, I'm wondering if staff from research or anybody else here at the table can tell us – like, we've got eight meetings scheduled for the spring session. How does that compare to the number of meetings that we held last spring session?

**Mr. Huffman:** Thank you, Mr. Chair. I believe last year it was eight or nine. It was eight last year in the spring.

**Ms Robert:** Typically it's eight in the spring, eight or nine, because of the length of the session, and typically it's about five in the fall that are held. As I understood the subcommittee's recommendation, two of those eight in the spring would be dedicated to these audit-specific meetings, and one of the five in the fall would be dedicated to an audit-specific meeting.

**Mr. Schmidt:** Thank you very much.

That raises for me a concern. I mean, we know that in the past the Public Accounts Committee has never made it through all of the annual reports that have been generated by government in any given fiscal year. I appreciate the intent of having an audit-specific meeting to look at the Auditor General's recommendations regarding specific topics and having department officials there to question them on those specific topics. I'm really keen to do that, but as we know, the Auditor General can't do these kinds of investigations for every department, and that's also something that the Public Accounts Committee is designed to do.

It is a concern to me that we are now reducing the number of ministries that will come to Public Accounts to discuss their annual reports in favour of these audit-focused meetings. I'm wondering if the subcommittee has entertained the possibility of just adding additional meetings rather than replacing meetings where we would normally discuss the annual reports with these audit-specific meetings.

**The Chair:** I think the idea with audit-specific meetings was that whatever ministry that audit is about, the ministry officials will be there to answer questions.

**Mr. Schmidt:** Right, but it will be focused. For example, the surface rights report that the Auditor General has, you know, touches on a few ministries, and it only will focus on those ministries' responsibilities with respect to surface water management. I can anticipate a case where environment and parks, for example, has an important role to play in surface water management and they come before the committee, but we then don't get to ask environment and parks a bunch of other important questions that we have related to all of the other things that they are responsible for overseeing.

I'm not disagreeing with the value of the audit-specific meetings. I appreciate the subcommittee's suggestion here that we hold those. However, I don't want to have those at the cost of this committee's ability to go through as many annual reports from government departments as we can. So I'm just wondering what considerations the subcommittee gave to not reducing the capacity of the Public Accounts Committee to examine as many departments as we can.

*10:10*

**The Chair:** I don't think that it's reducing the committee's ability. Those audit reports are about certain government departments, and those government departments will be able to come before this committee timely. That's my view.

**Mr. Rowswell:** Yeah. We will continue to do the oldest ones. You know, our goal will be to get through them all. But you're right; we haven't been able to get through every one of them every year, so it winds up getting pushed out. I understand what you're saying there. I think that would be the goal, so we want to try this in this coming year and see how it goes.

**The Chair:** Any other comments?

**Mr. Cyr:** Thank you. I agree with the subcommittee. I haven't seen a lot of interaction from our Auditor General inside of these meetings, and I believe that our Auditor General plays an important part to Alberta and our ministries. Having a very clear, concise direction of our questions and exactly where some of our ministries may be falling short, based on the Auditor General's recommendations: I think there is value in that. I know there is value in that. So I wholeheartedly endorse the route that the subcommittee is going in.

**The Chair:** Thank you.

We have a motion prepared by the committee clerk, and we can put that onscreen. I would be looking for a member to move this motion.

**Mr. Rowswell:** I move that

the Standing Committee on Public Accounts invite the following ministries to appear before the committee to respond to questions regarding each ministry's most recent annual report, responsibilities under their purview during that reporting period as well as relevant reports of the Auditor General and allot two spots, as indicated, for audit-focused meetings with the relevant ministries and entities: Jobs, Economy and Trade; Tourism and Sport; Infrastructure; Municipal Affairs; a placeholder for an Auditor report; Arts, Culture and Status of Women; transportation; and the second placeholder for an Auditor report.

**The Chair:** Thank you.  
Any discussion?

**Mr. Schmidt:** Thank you, Mr. Chair. I would like to propose an amendment to this motion. You know, given the fact that there are two considerations here, one, that we are reducing the number of annual reports that we are going through in a year, I am concerned, of course, that this is reducing capacity, notwithstanding the comments from the subcommittee members that that isn't the case. I also have a concern for our understanding of the effectiveness of the audit-focused meetings and then changing the practices of the committee in a timely fashion so that we can adapt our work and make it more efficient and effective for the people of Alberta. I think that for those reasons it's incredibly important that we get this work done as soon as possible.

I would move to amend the motion to indicate that the first meeting of the standing committee with Jobs, Economy and Trade happen on January 7 and then the subsequent meetings happen on the 14th, the 21st, the 28th, the 4th, the 11th, the 18th, and the 25th.

I believe that that would give us time to look at all of these annual reports, have a chance for us to look at these audit-focused meetings, understand how effective they are, and then we can shift. The February 25th meeting coincides with the start of the spring session. We know that during the budget considerations Public Accounts cannot meet, and that delays the work of the Public Accounts Committee by a month.

I don't think it's acceptable that we wait until April to figure out whether or not this new system is working. I think that by adopting these dates, we would have a solid understanding before the session starts about whether or not this is working and achieving the goals that the subcommittee has intended here. That's why I'm bringing forward that motion.

**Ms Robert:** Yes. There is no notice requirement issued by the chair of this committee with respect to notices of motions and notices of amendments. Like, the amendment has to be proposed to work within the existing motion, so basically it would have to be moved that 1 through 8 be struck out and replaced with 1 through 8 with dates attached to the end of it, if that makes sense.

Warren is just crafting that. Just one second.

**The Chair:** We have the amended motion. Does that capture, Member Schmidt, what you are saying?

**Mr. Schmidt:** Yes. That captured the intent of the amendment that I proposed. Thank you.

**The Chair:** Any discussion on the motion?

**Mr. Rowswell:** Yeah. The tradition has been that we do this in session. People go on holidays like through January and February. It's just the only time we get for that. I just don't think we can count on having everyone here available during that time frame.

**The Chair:** Okay.  
You want to add something?

10:20

**Mr. Lundy:** Just very quickly. I appreciate the work of the subcommittee and would recommend we vote against this motion and go with the subcommittee's work on this committee.

Thank you.

**The Chair:** Anybody else?

Seeing none, all those in favour of the amendment? All those against the amendment?

The voice vote indicated that the amendment was defeated.

**Mr. Schmidt:** Can we get a recorded vote, Mr. Chair?

**The Chair:** We've had a request for a recorded vote.  
All in favour of the amendment?

**Mr. Huffman:** Member Ellingson, Member Schmidt, and Member Renaud.

**The Chair:** All those opposed to the amendment?

**Mr. Huffman:** Member Rowswell, Member Armstrong-Homeniuk, Member Lundy, Member McDougall, Member Cyr, and Member de Jonge.

Total for the amendment: three. Total against: six.

**The Chair:** The amendment has been defeated.  
Back to the original motion. Any other discussion?

**Mr. Schmidt:** Yeah. Thank you, Mr. Chair. I would also like to amend the motion in the following ways. You know, we had put forward a list of departments that we wanted to see appear before the committee. I appreciate that the subcommittee has made its recommendations for a list, but this doesn't necessarily reflect the priorities of our caucus or the priorities of Albertans, in our opinion.

I propose the following amendment: that "Tourism and Sport" be struck out and replaced with "Health," that "Infrastructure" be struck out and replaced with "Seniors, Community and Social Services," that "Municipal Affairs" be struck out and replaced with "Affordability and Utilities," that "arts and culture" be struck out and replaced with "Environment and Protected Areas," and that "transportation" be struck out and replaced with "Energy and Minerals."

I'll wait until that amendment appears on the board to make . . .

**The Chair:** I think we have limited time. People have some understanding of that list that was shared with the members, so if you want to kind of share . . .

**Mr. Schmidt:** Well, thank you very much, Mr. Chair. Of course, it's incredibly important that we understand the workings of government in terms of their impact on the lives and well-being of Albertans. We know that right now Albertans are incredibly concerned about affordability and the cost of living as well as the state of our health care system. That's why I'm proposing to add Health and Affordability and Utilities on the list while taking out tourism and Municipal Affairs.

This government is engaged in an incredibly drawn-out and extensive restructuring of the health care system. A lot of that work has been done in the fiscal year that the next report will cover, and I think Public Accounts is really one of the only places that we can discuss this at length and get some understanding of what the changes are, how quickly they're progressing, what the targets for the government are and whether or not they're meeting them, the impacts on services to the people of Alberta, all of those kinds of things. That's why I'm proposing to bring Health in place of Tourism and Sport.

Now, with respect to Affordability and Utilities, again, like I said, we know that the cost of living is skyrocketing under the UCP's government here and that Albertans are not able to keep up with the cost of living. It would be good to understand what the Affordability and Utilities ministry has done in the last year.

In addition, we know that the electricity system has undergone extensive reforms. These reforms are incredibly complicated to understand, and I think Public Accounts is an excellent place for the Affordability and Utilities department to come and explain to the people of Alberta, through us, what the extent of the reforms are and how they've impacted Albertans and whether or not they've met the targets.

You know, Seniors, Community and Social Services is an incredibly important ministry, especially given the fact that it is responsible for housing, Mr. Chair. We continue to see every day the minister of housing misrepresents the current state of housing in the House. I think it would be very vital for people to understand what is going on with respect to the housing file in particular. I know that my colleague from St. Albert has a lot of concerns around AISH and PDD . . .

**The Chair:** I hesitate to interrupt, Member. We have only four minutes left. We need to get through it.

**Mr. Schmidt:** Yeah. I'm sorry, Mr. Chair. Have I exceeded my speaking time?

**The Chair:** I think we got the message that you want to change the order. We heard the reasons. I'm just asking, in the interest of time, that we keep our remarks brief.

**Mr. Schmidt:** Yeah. Well, thank you very much, Mr. Chair. But I would like the opportunity to motivate this amendment. I haven't . . .

**The Chair:** You've had enough opportunity, to be fair.

**Mr. Schmidt:** So is the chair calling me out of order, then? Is that what's going on here?

**The Chair:** I'm not calling you out of order. I am just respectfully asking. We have very limited time here, so just be mindful of the time and conclude your remarks.

**Mr. Schmidt:** Well, thank you, Mr. Chair. Of course, it's not up to me how long the meeting goes. We know that the meeting time is set by the chair.

**The Chair:** You also need to move the amendment. Just let me interrupt and seek unanimous consent to go beyond 10:30 to deal with that matter, and you can take as much time as you want to motivate.

I will ask one question. Is there anybody opposed to extending the time beyond 10:30 for this meeting?

**Some Hon. Members:** Opposed.

**The Chair:** Okay.

**Mr. Schmidt:** Well, thank you, Mr. Chair. I would still like to continue my comments here. You know, unfortunately, if we can't agree on a schedule, then I guess we're going to have to come back and have another meeting to schedule what's going on here. It's unfortunate that the members opposite don't want to deal with the business . . .

**The Chair:** Get to the amendment. You still need to move the amendment.

**Mr. Schmidt:** Okay. I am moving the following amendment, that the motion be amended by striking out the following: (1) Jobs, Economy and Trade, (2) Tourism and Sport, (3) Infrastructure, (4) Municipal Affairs, (5) placeholder for audit-focused meetings, (6) Arts, Culture and Status of Women, (7) transportation, (8) placeholder for audit-focused meeting, and substituting the following: (1) Jobs, Economy and Trade, (2) Health, (3) Seniors, Community and Social Services, (4) Affordability and Utilities, (5) placeholder for audit-focused meetings, (6) Environment and Protected Areas, (7) Energy and Minerals, (8) placeholder for audit-focused meetings.

Now that I've moved the motion, Mr. Chair, I'd like to continue my comments about why it is that I think this is a better list to deal with. As I said, you know, we have a number of concerns about Seniors, Community and Social Services. There's been a lot of work, allegedly, related to the housing file here in Alberta, and we'd like to get a clearer understanding of what's going on in that file.

Now, with respect to Environment and Protected Areas we have, of course, a lot going on in the landscape. We know that the Auditor General has made some recommendations with surface water management. We may or may not select that as one of the issues. Then, we have a whole bunch of other concerns with respect to climate change, pollution monitoring . . .

**The Chair:** I hesitate to interrupt, Member.

I will call for a motion to adjourn. Would a member move that the Tuesday, December 3, 2024, meeting of the Standing Committee on Public Accounts be adjourned?

**Mr. Rowswell:** So moved.

**The Chair:** Member Rowswell. All in favour? Any opposed? Meeting stands adjourned.

[The committee adjourned at 10:30 a.m.]











