

MINISTRY OF AGRICULTURE and FORESTRY
WRITTEN RESPONSES TO QUESTIONS RAISED AT THE
STANDING COMMITTEE ON PUBLIC ACCOUNTS
Alberta Hansard (Transcript No. 29-3-2)
March 14, 2017

PA-379

Mr. Schneider: What is being done with data collected during Bill 6 town halls/telephone town halls?

ANSWER:

- The Bill 6 town halls were organized through the Ministry of Labour.
- As the lead department, officials with the Ministry of Labour would be in the best position to answer questions about the events and what is being done with the information that was collected.

Supplementary Questions:

How can Albertans access this data?

ANSWER:

- The Bill 6 town halls were organized through the Ministry of Labour.
- As the lead department, officials with the Ministry of Labour would be in the best position to answer questions about what is being done with the information that was collected.

What was the cost to the department (AF) of Bill 6 town halls?

ANSWER:

- AF's cost was minimal, as only one staff member travelled to observe the Bill 6 town hall meetings.

How much did the department (AF) budget for the Bill 6 town halls?

ANSWER:

- AF's cost (i.e., the travel expense of one ministry staff member) was covered under general staff travel expenses, which was audited as part of year-end financial reporting process.

How much did the Department of Labour budget for the Bill 6 town halls?

ANSWER:

- AF does not have access to the data on the Ministry of Labour budget for the Bill 6 town halls.

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Mr. Schneider: Are E coli incidences higher in meat than in vegetables on an annual basis?

ANSWER:

- The collection and management of data related to human illness case information (including E coli incidences) falls under the mandate of Alberta Health/ Alberta Health Services. AF does not have direct access to this information.
- Also, in many cases it is difficult to determine the attribution of a disease to a particular food.

PA-382

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

ANSWER:

- On May 2 (Day 2), airtanker resources were temporarily unable to fly over the Horse River wildfire. A temperature inversion trapped smoke in the lower atmosphere that resulted in poor visibility and safety issues. Extreme fire behaviour made airtanker operations near the head of the Horse River wildfire dangerous.
- The weather conditions improved by mid-morning on day three, allowing the airtankers to resume flying and dropping retardant on the wildfire throughout the day.

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

ANSWER:

- Yes, this is the current standard in Alberta. Wildfire suppression efforts are initiated early in the day as wildfire conditions and behaviour are generally more favourable for effective and safe operations at that time.

PA-384

Mr. Gottfried: What is being done specifically to attract large-scale value-added investors or industries into Alberta in such areas as, for example, converting wheat to pasta for local consumption and export and also for higher value-added beef products?

ANSWER:

- AF is expanding the Agrivalve Processing Business Incubator to accelerate the scaling up of food product development and the establishment of new agri-food business ventures.
- AF has a seven-member investment attraction team devoted to responding to and generating new investment leads from companies interested in value-added processing in Alberta. In 2016-17, the team worked on over 70 new leads in sub-sectors ranging from canola crushing and industrial hemp processing to specialty meat processing.

PA-387

Mr. Gottfried: But given the size of the Indian market there would you not say that there are some other opportunities for beef exports into that marketplace as well? You don't need a large percentage of a billion people to actually have a significant market size.

ANSWER:

- The Government of India does not allow the importation of beef from foreign countries.
- Possession of beef is illegal in 21 of 29 Indian states, with serious punishments starting at seven years imprisonment, with life imprisonment proposed in certain states.
- India has a water buffalo slaughter industry, with the output sometimes referred to as beef. This is a different product that is legal in India and exported.
- AF is actively working with pork importers in India as an alternative protein to pulses and chicken. Work is also underway to introduce Alberta swine genetics into India's growing pork industry.

PA-387

Mr. Schneider: On page 22 of the October 2016 Auditor General's report it mentions that the Minister dismissed the board of AFSC. We understand that the former board is still being paid. Is that correct?

ANSWER:

- The members of the former AFSC Board have received no compensations since the Minister dismissed them.

Supplementary Questions:

How much money has the former board been paid since dismissal?

ANSWER:

- The members of the former AFSC Board have received no compensations since the Minister dismissed them.

...and how much more do you expect to pay them?

ANSWER:

- The members of the former AFSC Board will not receive any further compensation.

If there is no board in place, who is making the decisions on behalf of the board?

ANSWER:

- The Minister of Agriculture and Forestry appointed an interim Board, comprised of senior public servants.

PA-387

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

ANSWER:

- Over the past year, AFSC has been working on a practical model to facilitate allocation of lending costs to the program (product-specific) level. This is expected to be implemented for fiscal 2017-18. Once implemented, it will enable AFSC to engage the

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GOA in discussions to develop product-specific funding to support key priorities and initiatives.

- Currently, AFSC tracks costs associated with lending products at the aggregate level, in accordance with the Government budget and reporting requirements.

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

ANSWER:

- AFSC's operational risk business area has been tasked with the additional responsibility of conducting independent reviews of the lending portfolio and providing quarterly reports to Senior Management and the Board of Directors.
- This group also provides economic analysis of industry sectors to management and the Board of Directors on a quarterly basis.

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Mr. Schneider: As far as climate change programming, on page 27 of the '15-16 annual report with reference to climate change there's a reference to the Farm Stewardship Centre in Lethbridge, which was launched by this ministry. What is the budget for this institution?

ANSWER:

- The budget for the Farm Stewardship Centre in Lethbridge for 2015-16 was \$1.3 million. This amount included supplies and services, equipment maintenance and repairs, and staff salaries for nine ministry staff.

Supplementary Questions:

How many people work there?

ANSWER:

- Nine permanent ministry staff work at this Centre, plus seasonal employees. The number of seasonal employees varies from year to year.

What objectives does it achieve?

ANSWER:

- The Farm Stewardship Centre is focused on applied research, technology assessments, and knowledge transfer that enhances and/or improves whole-farm sustainability and good environmental stewardship. Objectives are:
 - Evaluation of the effectiveness of environmental practices and technologies.
 - Measurement and validation of agri-environmental risks and opportunities.
 - Provision of sound data on agri-environmental performance.
 - Assessment of cumulative environmental impacts (carbon footprint) of beneficial management practices on natural resources (water, soil, and air) at the whole-farm level.
 - Knowledge transfer to primary producers and commodity groups.
 - Expert knowledge in energy efficiency and renewable energy research and programming.

PA-387

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

ANSWER:

- The Government of Alberta did not provide any loan guarantees or grants to Cavendish Farms prior to their decision to invest \$350 million in a new Lethbridge facility.

PA-387

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

ANSWER:

- AF understands that the Highway Three Twinning Development Association is currently updating an economic impact study that will be completed at the end of April. AF will review the recommendations of the study and provide our input to our colleagues at Alberta Transportation who are the lead department responsible for this issue.

PA-387

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

ANSWER:

- AFSC works with commodity groups, including the Alberta Pulse Growers, to ensure AFSC's products meet the needs of producers.
- In the past, green lentils have been used as the basis for lentil pricing for insurance programs since they used to be the dominant type of lentil. Historically, lentil acreages were low in Alberta, which meant it was necessary to group all types of lentils together to have enough data to administer an insurance program.
- AFSC has been working over the past 18 months with the Alberta Pulse Growers to develop a strategy to resolve the issue around lentil pricing.
- As a result, starting in 2017, producers will be able to insure red and green lentils separately with pricing that reflects the type of lentil insured.

PA-387

Mr. Schneider: Did everything go as planned fighting the Fort McMurray fire?

ANSWER:

- AF followed its operating procedures and guidelines to ensure there were resources in place to respond to the wildfire risk.
- The wildfire was discovered by Department resources while on a planned aerial patrol, and was immediately actioned according to operating procedures.

PA-388

Mr. Gotfried: With the ratification of CETA between Canada and the European Union, what steps is the ministry taking to expand exports to this market, specifically which markets and which products?

ANSWER:

- The ministry provides integrated business development services to help small and medium size companies gain business knowledge, capacity, and skills to evolve, adapt, and take advantage of international market opportunities while showcasing diverse groups of Alberta's value-added products.
- AF is developing a detailed document outlining the benefits available under CETA (e.g., tariff reductions, quota increases) and specific rules of origin for agricultural and food products. This information will be available to industry groups and exporting companies.
- The markets that are being targeted are:
 - Germany, the European Union (E.U.) largest consumer base and the largest economy; products of interest include beef/bison, animal feed and agricultural machinery.
 - The United Kingdom, the E.U.'s second largest economy with a consumer base of over 64 million; products of interest include value-added processed goods and beef/bison.
 - Both Germany and the United Kingdom are large importers of agri-food from Alberta and other jurisdictions.
 - The Netherlands is also a key market as it provides a major transportation and distribution centre for Europe. Products of interest include value-added processed goods, beef/bison, animal feed, and bulk commodities.
 - With the growing exports of Canadian agri-food products to Spain, this market offers important opportunities in its thriving food service industry. Products of interest include specialty foods, food service products, and beef/bison.

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Mr. Gotfried: How does your ministry co-ordinate your efforts with the Ministry of Economic Development and Trade (EDT) to ensure a co-ordinated and efficient plan to access the world stage – and again specifically the markets of China, India, other trans-Pacific partnership countries, and also the EU – going ahead?

ANSWER:

- AF, in cooperation with other ministries, submits annually to EDT for approval, strategic international engagements for the entire calendar year to these and other regions, including timelines, locations, objectives and expected outcomes.
- This coordination ensures that international missions are well-aligned with respective GOA ministries' priorities. It also provides opportunity to identify cross-ministry collaboration internationally.
- In targeted global markets, AF cost-shares resources with EDT through Alberta International Offices in Tokyo, Seoul, Beijing, and most recently New Delhi, to advance trade and advocacy interests.
- In the case of market access and negotiating trade deals, the two ministries support each other in articulating Alberta's agriculture and forestry interests with the federal government (e.g., CETA).

PA-388

Mr. Gotfried: What work and co-ordination with the Ministry of Economic Development and Trade is being done to help agricultural producers grow and access new markets within Canada and new markets in the U.S. as well?

ANSWER:

- AF, in partnership with EDT's International Office and Canada's Consulate network within the U.S., collaborates on advocacy, trade and market development opportunities that help open new channels for Alberta agriculture and food companies.
- In the case of market access and negotiating trade deals, the two ministries support each other in articulating Alberta's agriculture and forestry interests with the federal government (e.g., U.S. Trade Advocacy Team).
- AF coaches and mentors Alberta based agri-food entrepreneurs to access various market channels domestically within Canada. AF usually does not engage EDT on domestic opportunities as that is not part of their mandate.

PA-388

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

ANSWER:

- Measuring AF's specific and direct impact and/or influence on reducing trade barriers and opening up new markets can be complex as it is a collaborative effort between federal, provincial and territorial governments.
- Although provincial and federal governments work together on trade issues, international trade agreements are a federal matter.
- AF staff stay in close contact with federal officials in the Market Access Secretariat (MAS) who are charged with resolving trade issues, such as access for chilled beef in China. The impact of this contact is reflected in the priority the MAS gives to these issues and the level of resources directed to them.
- As trade disputes are resolved, AF monitors trade statistics to measure the impact of ending a dispute. For example, new access for chilled beef in China could be reflected in either increased total beef trade or a shift from lower value frozen beef exports to higher value chilled beef exports.
- Another indicator AF can use to assess its efforts on a trade dispute is by measuring export performance of companies whose products have been affected by the trade dispute and worked with ministry staff to resume exports after the resolution of that trade dispute.

PA-388

Mr. Gotfried: What did the ministry offer to the federal government for them to consider while drafting the softwood lumber strategy?

ANSWER:

- Working with the forestry industry, Alberta's stated position to the federal government was to ensure fair market access to the U.S. for Alberta's producers.

Supplementary Questions:

...and what is the status of that softwood lumber strategy going forward as of today?

ANSWER:

- The federal government is still working with its U.S. counterparts to initiate negotiations on a new agreement. Negotiations between the U.S. and Canada have not successfully advanced since the Prime Minister/President Leader's Summit on June 29, 2016.
- There has been little incentive for the U.S. to negotiate with Canada. The U.S. Lumber Coalition wants to significantly restrict Canada's access to the U.S. market, and wants an agreement where Canada's market share would start at 28 per cent and drop to 22 per cent over four years. Canada has made proposals to the U.S. based on a 31 per cent Canadian market share that have been rejected by the U.S. Lumber Coalition.
- It is very important for our province that Alberta's companies to have secure markets for their lumber, which reinforces the need to keep developing other foreign markets for our exports.
- Our government continues to work closely with the federal government and with industry to ensure the interests of Alberta's forestry sector are well represented.
- The Alberta government will continue to actively defend our industry against any U.S. countervail duties.
- Alberta will also participate in the Federal Provincial Task Force to help enhance coordination of government initiatives to promote innovation and market diversification within the forestry sector.