



February 27, 2017

Standing Committee on Alberta's Economic Future
c/o Jody Rempel, Committee Clerk
Legislative Assembly of Alberta
3rd Floor, 9820-107 Street NW,
Edmonton, AB T5K 1E7

RE: The Study on Growing and Diversifying the Agri-Food and Agribusiness Sectors in Alberta (29th Legislature) Follow-up Questions

To the Standing Committee on Alberta's Economic Future,

Thank you again for the opportunity to comment on how Alberta can grow and diversify the agricultural sector in Alberta. Below are our answers to the follow up questions asked by the committee on February 23, 2017.

Is the AFSC \$5million cap adequate? If not, what should it be? (MLA Ronald Orr)

As an organization, we do not support the principle of caps on government programs. While we recognize the desire to direct government programs toward operations that would seem to require the most assistance, we think that these programs should be available to all eligible producers, regardless of the size of their operations. In our view, caps discriminate against larger operations and make these programs less equitable.

Considering the presentations that we've had and discussion around other challenges of downward pressures on commodity markets, what do your associations think that we could do together with you to get into more of the higher value niche products internationally and nationally? (MLA Colin Piquette)

One of the major benefits of export markets is that these markets often represent higher value niche markets for products that often attract much lower prices in Canada. Having more markets available for our products, nationally and internationally, helps all processors to sell each part of the carcass at the best possible price. Canada Beef, our national marketing organization, works with a wide range of companies to find ways to add value to their beef products and markets for these products. Canada Beef does a substantial amount of research on adding value to mid or low quality meat cuts, through different butchering and/or cooking techniques. The most important role for Alberta Beef Producers, the Canadian Cattlemen's Association, and our provincial and federal governments is to ensure that these processors have meaningful access to diverse markets around the world. Our processors are able to identify high value niche markets; we need to work with governments to create the trade, policy, and regulatory environment in which the processors can take advantage of these markets.



Emerging markets and any specific examples of value-added within your industries, whether it be cogeneration or new diversifying products that you offer. (MLA Jonathon Carson)

See answer above. The best resource for new products which add value to the carcass as a whole is through Canada Beef. They do extensive research on cuts and products of high value in emerging markets, which may not be as valued here in North America. In addition, they learn cutting and cooking techniques from other countries to add value in the domestic market.

You said that slaughterhouses have been closed down, and I wondered if this is because of red tape and bureaucracy and duplication of bureaucracy. What would you suggest that this committee consider to streamline this industry to reduce this bureaucratic duplication if it does exist? (MLA Wes Taylor)

The concentration of federally inspected beef processing facilities has been largely driven by market forces, but our federally inspected plants do face ongoing regulatory and labour issues that challenge their economic viability. The loss of smaller provincial abattoirs can be traced to the difficulties in meeting federal inspection requirements and restrictions on sales of meat from provincially inspected plants. This affects the ability of these plants to derive the greatest possible value from each carcass by selling products to different markets. Removal of the barriers to interprovincial sales of meat from provincially inspected plants would be a substantial benefit for these operations. All processing plants would benefit from reduced regulatory burden and improved access to labour.

The panel was asked about the carbon tax on fuel and what it may mean to their particular industries. I think that the committee needs to understand that a trucking company that hauls livestock in and out of a feedlot is not exempt, and a trucking company that hauls feed in and out of a feedlot and a trucking company that delivers supplements and feed and potentially hauls chickens is not exempt. These costs of the trucking industry, for example, which are a small part of this entire discussion, are paid by the producer and likely not passed on to the consumer. I just would ask for comments from the presenters on that comment if I could, please. (MLA David Schneider)

There is no doubt that the carbon levy on unmarked fuel will add costs to farms, ranches, feedlots and processors. Some sectors, who use more fuel for transport (feedlots, processors, feed and grain companies) will potentially have higher costs than other sectors (cow/calf ranches). In some cases, this will be a direct cost, and in other cases it could be an indirect cost (increase in a trucking fee per animal). Understanding the full impact of these costs, including which costs are absorbed by producers, will be very important to develop mitigation strategies and programs, so that these costs don't inhibit our overall competitiveness.

Given the fact that we have air cargo capacity from Edmonton to Beijing and Calgary to Hong Kong, I guess my question to our panel is: what can we do as a committee or as Albertans or the



Alberta government to lobby for a change in status from the restriction of only frozen beef to chilled beef, which would allow us to then move to a higher value product and to take advantage of this air cargo capacity that we have in our market-place, which we absolutely do not want to lose? (MLA Richard Gotfried)

The next step in our move toward fully restored access for Canadian beef in China would be to have China accept our fresh, chilled beef. This step will require negotiations at the national level, but support for improved access from the Alberta government and Alberta Beef Producers is valuable.

This question is for the cattle feeders. Can you comment for the committee on the anticipated benefits to your industry that will occur as a result of the Harmony Beef processing centre near Balzac, which begins production in the next week? (MLA Maria Fitzpatrick)

The Harmony Beef processing centre will not only benefit cattle feeders but our entire industry. Harmony is a state of the art plant that can focus on emerging or niche markets due to their unique processing systems. Because of these systems, Harmony will be well positioned to take advantage of the new CETA agreement and sell beef to Europe, meeting European specifications. This has the potential to add significant value to our industry through another diversified market, as well as reducing the risk of having one of our major packers closing down.

If you wish to provide any additional feedback or answers to the questions that were asked, please forward them to the committee clerk before the end of the month. (MLA Graham Sucha, Chair of the committee)

We encourage the committee and the government to continue to reach out to us if you have questions. We would welcome further discussions and we are very willing to assist the government in growing the beef industry in Alberta.

Respectfully submitted,

Rich Smith
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Alberta Beef Producers