

STRATEGIC. ACTION. PLAN.

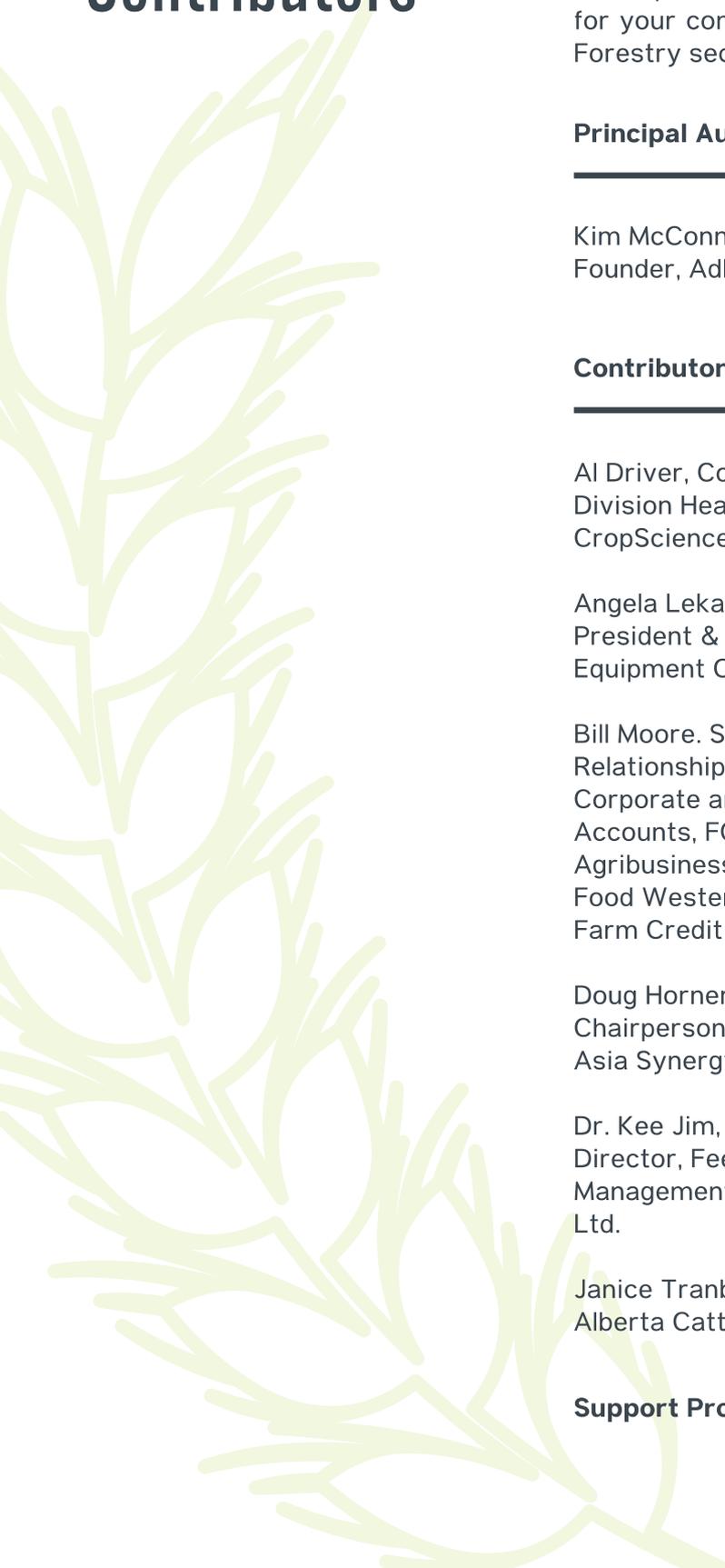
AN INDUSTRY PLAN TO GROW
AGRICULTURE & FORESTRY IN ALBERTA

JUNE 2020



BUSINESS COUNCIL
OF ALBERTA

Authors & Contributors



This report was created as an output of the Business Council of Alberta's Agriculture & Forestry Sector Table. Thank you to the following authors and contributors for providing their time, energy and big ideas to the development and production of this report. We are grateful for your commitment to Alberta and its vital Agriculture & Forestry sector.

Principal Authors

Kim McConnell,
Founder, AdFarm

Scott Bolton,
President & CEO, UFA Ltd.

Contributors

Al Driver, Country
Division Head, Bayer
CropScience Inc.

John Simpson, Chairman,
CANA/Benefactor, Simpson
School of Public Policy/
Rancher

Angela Lekatsas,
President & CEO, Cervus
Equipment Corporation

Jon Neutens, Vice
President, Agriculture, ATB

Bill Moore, Senior
Relationship Manager
Corporate and Senior
Accounts, FCC
Agribusiness and Agri-
Food Western Region,
Farm Credit Canada

Kelly Freeman, Vice
President, Strategy, Nutrien

Matt Sawyer, Farmer
Producer/UFA delegate

Rick Doman, Corporate
Director

Doug Horner,
Chairperson, Canada
Asia Synergy Group

Stan Blade, Dean of
Agriculture, Life and
Environmental Sciences,
University of Alberta

Dr. Kee Jim, Managing
Director, Feedlot Health
Management Services
Ltd.

Tom Steve, General
Manager, Alberta Wheat
Commission

Janice Tranberg, CEO,
Alberta Cattle Feeders

Support Provided by The Business Council of Alberta

Feeding the world: Alberta's opportunity in agri-food and forestry

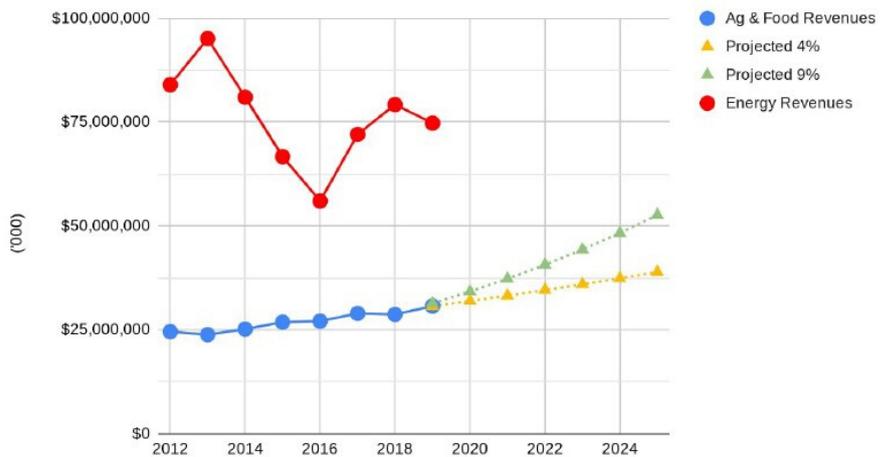
Agriculture and Forestry are industries poised for significant growth – growth in jobs, investment, economic activity, and a positive solution to issues important to Canadians and global consumers. And Alberta is in an excellent position to lead the growth.

In this changing and dynamic world, Alberta's land, water, air, cold winters, and natural resources provide a foundation of strength.

Our entrepreneurial background, reputation for excellence, regulatory standards, and the sophistication of our industry players are further building blocks. And when properly nurtured with enhanced technology and focused investment, greater success will be the outcome.

Strategic. Action. Plan. These three ingredients pave the path for Alberta's agri-food and forestry success. The Strategy calls for alignment with two significant global drivers: the heightened importance of a trusted and reliable source for food security; and the consumer's demand for a sustainable economy. Six (6) key planks hold mountains of opportunities for growth, investment and jobs. Unleashing the opportunities includes 'quick wins' and short- and longer-term Actions. The Plan involves aligning the Actions with the Strategy, and combining the ABCs (Agile, Bold & Creative) to deliver job creation, investment and economic activity benefits while protecting our natural resources for future generations.

Ag & Food Projection Comparison Historical Growth Vs. Stimulated Growth Against Energy



Source: ATB Financial

Plank #1: Leading the Sustainability Economy

"Make Alberta the home of the world's carbon offset market – the opportunity is for the taking!"



Agriculture and forestry hold the secret to carbon capture and a positive solution to climate change. And Alberta, with over 10-years experience in carbon markets and offsets, is in a position to lead an emerging, high-growth, international carbon market.

The Opportunity

The global carbon offset market is valued at >\$50 billion and growing. Many companies and countries have ambitious sustainability goals, and if Alberta moves quickly and defines its position, there is substantial potential in technology development, generating measurement and traceability protocols, and the creation of a global carbon credit and offset market. Not only does this attract investment, the sustainable economy delivers another income stream for Alberta farmers, ranchers and the forest industry while respecting and enhancing our land, water and air. The Sustainability Economy is Alberta's 'X-Prize' opportunity.

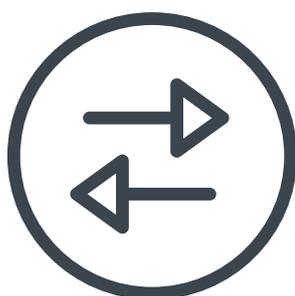
A Bold Idea

Make Alberta the home of the world's carbon offset market – the opportunity is for the taking!



Plank #2: Catalyzing Trade and Exports

"Now is the time to invest in infrastructure and opportunities that can and will deliver short- and long-term benefits."

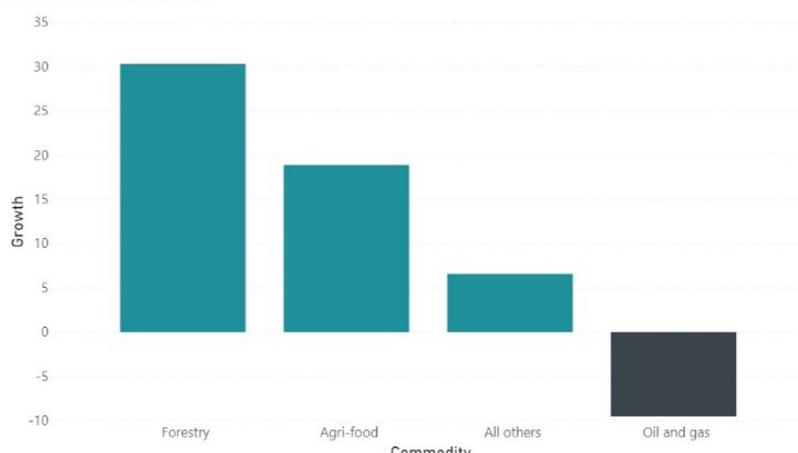


Trade and exports play a cornerstone role in the present and future of Alberta's agriculture and forestry industries. More people, with better economic opportunities, are eating better quality food around the world and also consuming more energy. Petroleum product consumption is expected to grow by over 30% over the next 30 years.¹ In the same time frame, over the next 30 years, global demand for food is expected to increase by at least 50% from current levels.² Both are good news for Alberta.

In 2018, Alberta's agri-food exports exceeded \$11.6 billion and forestry exports added another \$2.2 billion. And that was pre-COVID, before food security and supply were concerns on the minds of corporate and government leaders around the world.

Alberta export growth (2014-2019, in %)

Source: Business Council of Alberta



The Opportunity

By being strategic, proactive, and investing to support our strengths, Alberta's growth in trade and exports hold potential for double digit growth. Now is the time to invest in infrastructure and opportunities that can and will deliver short- and long-term benefits.

A Bold Idea

The world wants containers of value-added products and specialty commodities – both dry goods and refrigerated. Capitalize on Alberta's expanding logistics infrastructure while also stimulating private investment in Alberta and public/private investment with an energy and transportation corridor from Alberta to the coast and a container port in Prince Rupert and put everyone to work meeting the demand.

¹ International Energy Outlook 2019, US Energy Information Administration

² Harvard Business Review, April 2016 "Global Demand for Food is Rising, Can We Meet it?"

Plank #3: The Value-Added Challenge

"Red tape wrapped in vested interest prevent black & white solutions!"

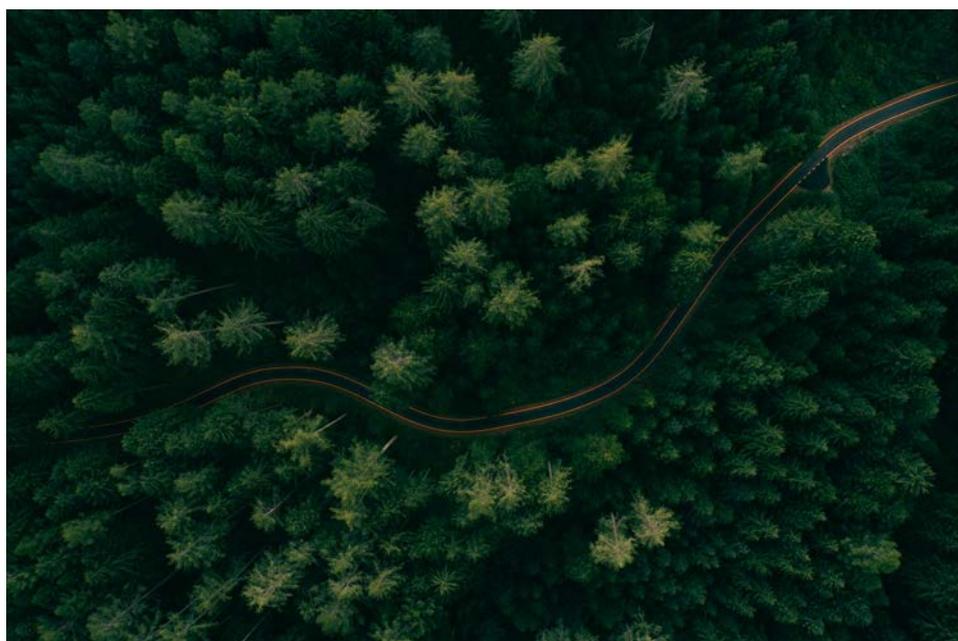
The greatest positive impact on Alberta's economy comes from adding value to its commodities. Whether creating nitrogen fertilizer from natural gas, turning peas into protein, or rehabilitating forests, there's value and jobs waiting to be unleashed.

The Opportunity

It starts with seeing the opportunities; look at the many food and consumer products that begin with quality Alberta agriculture and forestry raw materials – think pasta, beer, prosciutto. Then consider imports where modern technology and legislative tweaks allow Alberta companies to offer superior quality and price-competitive products – think strawberries, tomatoes, lettuce. Now, 'without any compromise', reduce red tape and silliness, and unleash the entrepreneurs.

A Bold Idea

The Greenhouse Challenge: provide wellhead-priced natural gas and access to water for new agri-food investments like greenhouses, processing plants, making your own electricity, and establishing new industries and products from production and food waste. Then watch the creativity of the investors from this almost zero-cost government investment.



Plank #4: Stimulating Investment

"Create the proper investment environment, and actions that will stimulate investment."

Investor interest in the agri-food industry is strong and growing. And the variety, size and type of investments are plentiful for local, Canadian and international investors.

The Opportunity

Create the proper investment environment, and actions that will stimulate investment.

A Bold Idea

Stimulate and leverage private sector money to invest in Alberta's agri-food opportunities. Divert \$100 million of capital that would otherwise be invested into government infrastructure to 'shovel-ready' private sector-owned plant and equipment investments. This fund would only match Alberta-based, private sector equity. The fund would receive a preferred share with a 10-year term and a normal investment grade interest rate.

A Creative Idea

Mobilize Alberta's financial horses - enable the attractiveness of the Alberta treasury to provide a competitive pool of risk capital to fill the much needed \$50-\$500 million credit gap; and ease the risk profiling of AFSC and ATB to stimulate investment growth in both production and value-added agriculture and forestry.



Plank #5: Mitigate the Risks and Maximize Connectivity

"5G technology unleashes connectivity that enables rural Albertans and businesses to participate and perform with 21st century opportunities."

Agriculture is impacted by weather, markets, trade and geopolitical risk so risk mitigation is imperative. For many years, Alberta was the leader in production agriculture risk mitigation.

The Opportunity

Risk mitigation done properly protects the base of production agriculture. 5G technology unleashes connectivity that enables rural Albertans and businesses to participate and perform with 21st century opportunities.

A Bold Idea

Lead Business Risk Management (BRM) reform and bring some new insurance and risk mitigation partners and programs to Alberta farmers and ranchers.

A Creative Idea

Eliminate the RML (Reference Margin Limiting) and bring equality to the AgriStability program across all sectors of Alberta agriculture and farm structures.



Plank #6: Champion Agri-Food and Forestry

"When awareness is elevated, both domestic and international benefits will be realized."

Alberta and Canada's agriculture, food and forestry industries are a well-kept secret – unfortunately. This needs to change if the Province, nation and industry are going to achieve its full potential.

The Opportunity

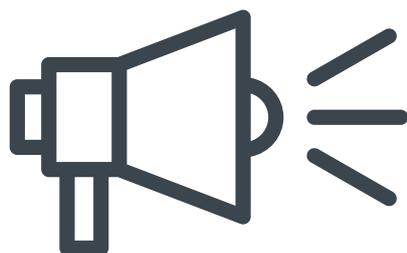
Agriculture and forestry are growth industries that should be attracting Canada's brightest young minds, substantially more investment, and the respect of political and corporate leaders. When awareness is elevated, both domestic and international benefits will be realized.

A Bold Idea

Seeing is believing. Encourage Albertans, Canadians and the world to see what Alberta's agri-food and forestry industry is capable of. Take a virtual and/or in-person tour of how Italians turn Alberta wheat into branded pasta; the Netherlands uses greenhouse technology as an engine for exports; New Zealand forests are managed to increase production and carbon sequestration. Experience the technology of the Olds College 'Smart Farm' or robot vegetable production in Coaldale and prosciutto in Acme.

A Creative Idea

Create an 'ambassador' program, working collectively and collaboratively with industry and governments, including the Agriculture Industry Advisory Committee, to elevate the profile, awareness and opportunities.



Five Additional Quick Wins

"Focus on things small enough to change and big enough to matter"

1. Eliminate the 'Alberta Disadvantage'

- Eliminate the impediments that are preventing investment and growth in Alberta including red tape, non-competitive costs for electricity, water and natural gas transportation

2. Career Kickstart / Summer Student Hiring / Working Scholarships

- Incentivize employees and students to gain an understanding and appreciation of the agriculture and food industry by working on farms/ranches and/or the food industry
- Best managed by relaxing minimum wage and legislation around overtime and benefits

3. Forest Rehabilitation and Job Creation

- Employ under-utilized oil contractors to repair damaged forests in Provincial and Federal parks
- At the same time, measure the ability of Alberta forests to sequester carbon

4. Bring Home the Jobs!

- Review and identify those sectors and opportunities where Albertans are importing products that could be manufactured, processed, formulated competitively if infrastructure, tax and other hurdles were corrected

5. FCC / Forage Capital Fund

- Identify, align and advance Alberta-based agri-food businesses that qualify for the FCC/Forage Capital Fund