

SENT VIA EMAIL

July 19, 2018

R. Philip M. North, Q.C.
North & Company LLP
600 Chancery Court
220 – 4th Street South
Lethbridge, Alberta T1J 4J7
Email: p-north@north-co.com

Dear Mr. North,

Re: Nelson Feedlot – Concerns about bias

I write in response to the portion of letter dated May 22, 2018 where you expressed concern about possible bias on the part of staff of the Natural Resources Conservation Board (NRCB). As acting Chief Executive Officer for the NRCB, I felt that this concern required my immediate and personal attention.

Background

In your letter of May 22, 2018, you drew our attention to some concerns about the relationship between the NRCB and the operators in this case, the Nelsons. The concerns appeared to originate from a meeting on March 23, 2018 with Richard and Rodney Hofer, Joe Sonnenberg and Denny Puszkar. You have queried whether, in light of comments made by Mr. Puszkar at that meeting, the NRCB could carry out its inspection and enforcement obligations in an unbiased manner.

In a letter of June 1, 2018, Fiona Vance, Chief Legal Officer – Operations, responded to other concerns set out in your May 22, 2018 letter. She also advised that I was away at the time, but that Kevin Seward, Acting Compliance Manager for the NRCB, had initiated a preliminary investigation into the allegation of bias. Upon my return, I requested that Mr. Seward complete the investigation.

On June 26, 2018, Mr. Seward completed his internal investigation, having interviewed both Mr. Puszkar and Mr. Sonnenberg separately. Mr. Seward concluded that Mr. Puszkar made comments on March 23, 2018 about the level of cooperation by the Nelsons in terms of complying with directions to control dust and animal numbers. Mr. Seward also concluded there is no evidence that this level of cooperation has had any effect on willingness of the NRCB to take compliance action when warranted. Mr. Seward reported to me his conclusion that Mr. Puszkar was not acting in a manner that was biased toward the Nelsons. Mr. Seward advised he would immediately notify me if he detected a change in the way Mr. Puszkar was dealing with either the Nelsons or the Hofers. In turn, having now considered the information available to me, I am satisfied with the investigation and intend to close the matter of the bias allegation.

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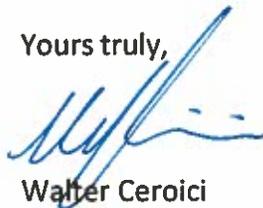
Observations on compliance and enforcement

An effective compliance system requires both education and enforcement. In general, as set out in NRCB Operational Policy 2016-8: *Compliance and Enforcement*, the enforcement model progresses in the event that education and voluntary compliance is not achieved. A key part of education and voluntary compliance is open, timely, accessible and courteous communication with operators and complainants throughout the course of response to complaints. For future reference, the *Compliance and Enforcement* Policy is available on the NRCB website at https://cfo.nrcb.ca/Portals/2/Documents/Policies/Policy_2016-8_Compliance_and_Enforcement_Aug25_2016.pdf.

I also observe that the NRCB's *Code of Conduct* operationalizes our intent to uphold the highest ethical standards so that public trust and confidence in the integrity, objectivity and impartiality of the NRCB and the regulatory system are preserved and enhanced. The NRCB expects its inspectors to conduct themselves in an appropriate and professional manner, which includes being courteous, neutral and objective.

As such, we have taken the concerns set out in your letter of May 22, 2018 very seriously. I am grateful that you have brought these concerns to our attention.

Yours truly,



Walter Ceroci
Acting Chief Executive Officer