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Chair

Mr. Bev Shipley

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• (1100)

[English]

The Chair (Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC)): I want to welcome everyone to the Standing Committee on Agriculture and Agri-Food. Today we're having witnesses on Bill C-18, an act to amend certain acts relating to agriculture and agri-food. When I looked at the clock and asked if we could start early, I was told I'm a minute late. Those clocks run on batteries, and the clerk has the official time.

As you know, we're studying Bill C-18. We will have a number of witnesses in front of us throughout the next while as we learn more about this bill and get pertinent information from our witnesses.

Colleagues, today, in the first hour we have, from the Canada Organic Trade Association, Matthew Holmes, executive director, and Dwayne Smith, board member. From the Canadian Canola Growers Association, we have Rick White, CEO, and from Partners in Innovation we have Mark Brock and David Jones, who are both members.

On video conference from Saskatoon, Saskatchewan, from the National Farmers Union, we have Terry Boehm, chair of the seed and trade committee.

Folks, I want to welcome you to our committee. When we get to questions, remember we have somebody on video. Please make sure you direct your questions to the person you would like to answer.

I will go first of all to the Canada Organic Trade Association, for six minutes, please.

Mr. Matthew Holmes (Executive Director, Canada Organic Trade Association): Thank you, Mr. Chair, and honourable members. It's a pleasure to be before you again. I'm going to share my time today with a member of my board of directors and a long-time organic producer, Mr. Dwayne Smith.

The organic market in Canada is now the fourth largest in the world, worth \$4 billion a year, and the global market is worth \$64 billion a year. We're poised for continued double-digit growth, but our biggest challenge, quite simply, is supply. We don't have enough product or farmers to keep up with demand.

We have closely studied Bill C-18 and are happy to provide some constructive comment today. COTA has certain reservations, but I want to be clear that it is prepared to support the basic elements of Bill C-18 if reasonable safeguards and clarifications are also made to the final text.

We recently conducted a study that was funded in part by the W. Garfield Weston Foundation with partners USC Canada. That study found that the organic sector uses approximately \$78 million worth of seed per year. In particular, organic and ecological field crop seed in Canada is valued at over \$50 million annually, but 60% of this is from seed that has been saved, stored, and planted by the farmer. Due to specific agronomic needs and a lack of commercialized varieties targeted for organic application, the organic sector relies on essential derived varieties. Organic growers use small test plots of seed for trials: to understand their localized yield, performance in low-input agriculture, and natural pest resistance; or to ensure GMO traits are not present in the seed.

• (1105)

The Chair: Sir, we're going to suspend for two or three minutes to see if we can get the microphones working. We can survive it; the interpreters can't. Getting your remarks on record when it's choppy is difficult for them. It's the whole room apparently. We apologize. You won't lose your time. We will just give the technicians a few minutes to see if we can get the clarity back.

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_____ (Pause) _____

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• (1110)

The Chair: We've lost about 10 minutes, folks. I've asked if witnesses are able to stay from 12:00 to 12:10. They have agreed. I've not been able to catch Mr. Boehm to see whether it's possible for him to extend out for another 10 minutes in this first hour.

The witnesses following who are here so far are good to go from 1:00 to 1:10.

Obviously I would need the consensus of the committee to do that.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Chair, I have to leave at 1:00. I think it is a good idea to go until 1:10. I want to make sure that we can put something in place that, if we do extend the committee from 1:00 to 1:10, no motions can be tabled.

The Chair: Yes. I think it's just for witnesses.

Are we good to go?

Mr. Pierre Lemieux: Thank you.

The Chair: Thank you.

Mr. Holmes, please continue.

Mr. Matthew Holmes: Thank you, Mr. Chair.

Can I get a sense of where I am on the clock?

The Chair: You were stopped at two minutes and thirty seconds.

Mr. Matthew Holmes: Okay. It's not the first time I've been accused of making others late.

To continue, COTA recommends that the farmers' privilege in Bill C-18 clearly indicate the right to store and condition seed, including that organic growers have a right to store and plant seed they have introduced from non-organic seed and harvested as organic. This will ensure organic growers have options available to them and also create market incentives for seed breeders to offer organic varieties. In general, the farmers' privilege should make explicit allowances for all farmers to store seeds harvested for on-farm needs, including livestock feed, storing unsold crop in the farmyard, and storing indefinitely a supply of seed to protect against crop failure, disease, or frost.

Bill C-18 also proposes an end point royalty system, which allows the plant breeder to collect royalties on harvested material. COTA recommends that where a non-organic seed has been used by a certified organic grower, the harvested seed, which is now organic, should be excluded from the EPR system.

Further, for all seed, COTA strongly recommends that the bill include language to the effect that the EPR can never be greater for saved seed than it is for purchased seed. For example, the European Court of Justice ruled that seed-saving costs cannot be more than half the price of seed royalties.

I'll now pass my remaining time to Mr. Dwayne Smith from my board of directors.

• (1115)

Mr. Dwayne Smith (Board Member, Canada Organic Trade Association): One of the best things about being a farmer is the freedom. It provides the right to self-determination and autonomy. There are wide open spaces and moments of quiet serenity. Oh, sure there are still struggles with weather and the marketplace, but that's what makes farming the quintessential small business.

Part of what makes farming what it is today is the power of the seed. It's a thing of wonder, how it will produce generation after generation of crops for food and fodder.

Bill C-18 is about the power of seed. As it's written, the bill would significantly restrict farmers' rights to self-determination and autonomy.

Bill C-18 would transfer the power of the seed from working for farmers to working for agribusiness. Along with this, the power of earning potential would also be transferred. Farmers would see not only more red tape as spelled out in this bill, but would see narrower margins. Narrower margins would put more pressure on safety nets

such as AgriStability and would push more farmers off the land. During today's commodity super-cycle it may not be as noticeable, but if we look back at the agriculture crisis in the late 1980s, narrower margins from higher seed costs would have had lasting scars on our industry.

In the recent past, this government has dismantled the CWB to give farmers more autonomy and self-determination. That was a great day on many farms in western Canada.

This government also rightly is attempting to reduce red tape for small business. Bill C-18 would restrict farmers worse than the CWB and add mountains of red tape.

The Chair: Thank you very much. Thank you for staying within time and for putting up with our technical issues

We'll now go to the Canadian Canola Growers Association and Mr. Rick White, please. You have six minutes.

Mr. Rick White (Chief Executive Officer, Canadian Canola Growers Association): Thank you, Mr. Chairman.

Good morning to the members of this committee.

Thank you again for inviting me here today to speak to you about Bill C-18, the agricultural growth act, and specifically the amendments that will impact farmers and the growth of our industry.

The CCGA represents 43,000 canola growers and is governed by a board of farmer directors representing all provinces from Ontario west to B.C. We are also the largest administrator of the advance payments program in Canada, offering financing on over 20 different crops.

With 90% of canola grown in Canada exported, canola growers need a competitive regulatory framework at home and the right set of crop input tools to compete internationally. The competitiveness of our industry, which contributes \$19 billion annually to the Canadian economy, depends on up-to-date regulations. We welcome opportunities taken by the government to ensure farmers have continued access to the tools required to maintain the profitability of their farms.

A number of the amendments contained in Bill C-18 are expected to foster innovation in agriculture and provide for more responsive government decision-making. In particular, we applaud the government for proposing changes to the Plant Breeders' Rights Act to bring Canada in line with UPOV 91, the international standard adopted by Canada's major competitors, while providing an exemption for farmers to save seed for use on their farm.

To show our support for ratification, the CCGA joined Partners in Innovation in July 2014, a coalition of 20 farmer, industry, and value-chain organizations formed to advocate for improvements to plant breeders' rights and to foster investment in research and innovation in agriculture.

Additionally, Bill C-18 allows for the recognition of foreign data and reviews for new feed, seed, and fertilizer registrations. This should streamline the registration process, making it easier to bring new products to Canada while still maintaining high levels of safety.

When it comes to changes proposed to the Agricultural Marketing Programs Act, or AMPA, farmers will benefit from a more valuable and responsive advance payments program. The provisions allowing administrators to advance on any commodity and the expansion of producer eligibility are examples of where farmers stand to benefit from this bill. We know first-hand how important this program is to farmers, particularly new farmers just getting established and farmers in need of flexible marketing and financing options.

The challenge with grain logistics experienced last crop year is a good example of how the APP helps farmers with marketing and cashflow needs. The cashflow crunch resulting from extensive delays in selling opportunities led to a substantial increase in the demand for the program and the total amount of money advanced to farmers.

CCGA staff were very busy last January and February processing cash advance applications at a time when historically the number of applications drops significantly and farmers begin to pay down their advances. By accessing financing under the 2013-14 APP, farmers were able to secure the necessary funds to purchase seed and crop inputs for the growing season that is just winding up now.

In total, CCGA advanced \$1.59 billion in the 2013-14 program. That's 50% more than the previous year. Funds were advanced to 12,459 farmers, as compared to 9,961 under the previous 2012-13 program. Although, as I said, the CCGA is generally supportive of the proposed changes to the APP, there are key areas where improvements could be made to make the program even more useful for farmers, particularly in a crop year like the one we just had.

First, we think the repayment of advances made directly by farmers to program administrators could be made more flexible by eliminating penalties for repayments made without proof of sales documentation. Farmers complain to us about this feature of the program, and we believe it is one reason the program is not as well used as it could be.

Second, we believe, and farmers tell us, that the cash advance maximum limit needs to be increased. Doubling it to \$800,000 would not be out of line, in our opinion. The APP limit was last increased in 2006 when it was set at \$400,000 in total, with the first \$100,000 interest free.

Since then, Stats Canada's farm input price index has increased by 40 points from 110 to 150, with a base year of 2002 being 100. If the APP is to continue to be useful to growers, it must at least keep up with inflation. Under the 2013-14 APP, roughly 10% of growers who had an advance through CCGA were near or reached the maximum limit of \$400,000, compared to 6% in the same situation the previous year.

• (1120)

In conclusion, there is an opportunity to amend Bill C-18 to make the advance payments program a more useful and valuable tool for farmers. The grain backlog demonstrated very well why the APP needs to be flexible and remain relevant as more farmers turn to the program than ever before. Our suggested changes offer a targeted, low-cost solution to ease cashflow and assist farmers with their financing needs. We hope you will seriously consider our suggestions, which would make the APP a more effective tool now and in the future.

Thank you for the opportunity to speak to you here today. I look forward to taking your questions.

The Chair: Thank you very much, Mr. White.

Whoever's going to start, you have six minutes. Go ahead, please.

• (1125)

Mr. Mark Brock (Member, Partners in Innovation): Thank you, Mr. Chairman and members of the committee.

We are pleased to be here on behalf of the Partners in Innovation to speak to you today about amendments to the plants breeders' rights legislation within the agricultural growth act, as proposed in Bill C-18.

My name is Mark Brock. I'm a corn and soybean producer in Ontario. My organization is Grain Farmers of Ontario. We are an active participant in the Partners in Innovation coalition.

Beside me is David Jones from the Canadian Potato Council and the Canadian Horticultural Council. We're going to share the presentation today.

First, I want to introduce the Partners in Innovation. It's an informal coalition of 20 provincial, regional, and national organizations across Canada, representing the vast majority of farmers in Canada and almost all the crop production across the country.

These 20 organizations represent producers' value chains in grains, oilseeds, pulse crops, fruits, and vegetables in all provinces. We have come together as Partners in Innovation for two purposes: one, to clearly demonstrate to policy-makers and decision-makers that the majority of farmers in value-chain groups support and need updated plant breeders' rights legislation in Canada; and, two, to make sure that farmers, policy-makers, decision-makers, and the public have access to clear and correct information on proposed amendments.

As a point of clarification, while each of the participants in the Partners in Innovation coalition has individual views on other provisions of Bill C-18, we are all united in our support for the proposed amendments to Canada's plant breeders' rights legislation, to bring them into compliance with the most recent international convention, which is UPOV 91.

All the participants in the coalition couldn't be here for the presentation, but from coast to coast and from crop to crop, they have provided clear reasoning for supporting PBR amendments. I'll give you just a few examples.

The BC Grain Producers Association president says, "Modernization of plant breeders' rights will help stimulate research in the grain sector as well as foster investment in competitiveness with new varieties".

The chair of the Atlantic Grains Council says, "With up-to-date plant breeders' rights legislation in Canada, we are hopeful that suitable international seed varieties will become available to our region, helping Atlantic growers with our unique agronomic challenges".

I hope this makes it clear that the crops sector strongly supports and needs amendments to the plant breeders' rights to ensure that our farmers have access to new and improved varieties developed in Canada and internationally. We just have to look at the new, exciting developments since the government announced the proposed changes to understand how important these amendments are. Recently, sod has been turned for a new research and breeding centre in Saskatoon. A new partnership between Canadian seed companies and international plant breeders has been formed to bring improved varieties to Canadian farmers. All these decisions are predicated on the updated PBR legislation, and the resulting benefits are at risk should these amendments not be implemented.

I will now turn it over to David.

Mr. David Jones (Member, Partners in Innovation): Good morning.

As Mark said in his introduction, I'm from the Canadian Horticultural Council and Canadian Potato Council.

Plant breeders' rights have been tremendously important to our sector. Before Canada implemented plant breeders' rights in 1990, producers could not get full access to superior genetics that were developed internationally.

In the first 10 years after the introduction of PBR, over 80 international potato cultivars were introduced into Canada. However, as Canada has fallen farther and farther behind other countries, our producers are once again losing access to superior varieties that were

developed internationally. We are confident that the updated PBR legislation will continue to bring new varieties to Canadian producers.

I would now like to focus on five very important misconceptions regarding the proposed amendments.

First, plant breeders' rights are not patents. Unlike patents, plant breeders' rights make it mandatory for breeders to make their protected varieties available for use by breeders either for research purposes or to develop new varieties. Unlike patents, this legislation will ensure that farmers can save harvested material they produce on their farm for use as seed.

Second, the proposed amendments will not implement end point royalties, or allow royalties to be collected anywhere on the seed. The legislation is very clear that the only time the breeder can be compensated on harvested material is if the breeder can prove that the seed was acquired illegally. However, if farmers and industry stakeholders want to implement a system in the future that will help to generate funds for investment, and they request this of the minister, the bill does permit the minister to undertake a regulatory process to make this possible.

Third, no matter what terminology is used, the amendments contained in the bill entrench the ability to save the harvested materials they produce on their farm: clean it, condition it, store it, and use it as seed on their own farm. The farmers' privilege terminology isn't even part of the legislation itself, but rather is in the margin for reference. The farmers' exception to plant breeders' rights is clearly in the legislation and cannot be taken away without a legislative change.

Fourth, large seed companies and developers will not be the only ones to benefit from updated plant breeders' rights. In fact, half the varieties protected by PBR were developed at public institutions. Universities, provincial research facilities, and Agriculture and Agri-Food Canada have received royalties from plant breeders' rights to help fund their breeding programs, leading to further innovation for Canadian agriculture.

Fifth, history in Canada clearly shows that PBR did not accelerate seed price increases. During the ten years before PBR implementation, seed prices increased 24%. In the ten years following PBR introduction, the prices of seed increased by just over 8%.

We hope these points have addressed some of the misconceptions that you might have about amendments to plant breeders' rights and the impact on Canadian growers.

In conclusion, on behalf of the 20 organizations that are the Partners in Innovation coalition and the majority of Canadian growers we represent, thank you for the opportunity to meet with you today.

● (1130)

The Chair: Thank you very much, Mr. Jones.

We'll now move to our video conference in Saskatoon.

Mr. Boehm, you have six minutes, please.

Mr. Terry Boehm (Chair, Seed and Trade Committee, National Farmers Union): Thank you.

I'd like to thank the committee for giving me the opportunity to speak on this extremely important piece of legislation for not just farmers but all Canadians.

The NFU is Canada's largest direct membership, coast-to-coast farm organization. You have to be a voluntary member not simply a producer of a commodity to be considered a member of the National Farmers Union. We establish our policy through democratic, well-developed institutions.

Canadian farmers have a history of developing institutions to rebalance power, such as that of farmers against railways or grain companies. We have the Canada Grain Act, the Canadian Grain Commission, Canadian Wheat Board, co-ops, pools, etc. All of these arrangements came about because of exploitation of farmers very early, particularly in the settlement phase on the Prairies. There was a recognition that there had to be a balancing of power between those who would exploit farmers and the general public interest of farmers' success and, beyond, for the economy of the country as a whole.

Our ancestors who came to this country never imagined having seed wrested away from them. Seed is hope in the future. It's powerful. There's a tremendous amount of power contained in the seed. We are witnessing, with strengthened plant breeders' rights, not innovation but innovation in the extraction tools and control of the seed. This is not in the public interest. It's in the interest of a limited number of seed companies that are continually consolidating. Our responsibility to resist for the future, and not to become quislings endorsing the granting of extensive rights to plant breeders or their representatives, is extremely important. Giving a temporary nod to farmers with a privilege to save seed on their own holdings is completely inadequate and inappropriate.

In the whole question about rights, the breeder is given an extensive list of exclusive rights: saving, reusing, stocking, conditioning, etc. The farmers' privilege gives a slight exemption and if you read UPOV:

...each Contracting Party may, within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, restrict the breeder's right in relation to any variety in order to permit farmers to use for propagating purposes, on their own holdings, the product of the harvest which they have obtained...

It talks about reasonable limits and legitimate interests. The farmers' privilege can be undermined—and this is a presentation by the commissioner of plant breeders' rights here in Canada. It could be

determined by the size of the holding, the type of variety, the number of cycles of reproduction, remuneration, proportion of harvested material, etc.

What it really means is that farmers are losing ability over time, as we've seen in the variety registration system, a continuous erosion in the ability of farmers to do what they've done for thousands of years, to have the hope for the future contained in that seed, to utilize that seed. It's one of the inputs they can actually reproduce themselves, quite successfully. They're not opposed to paying for new varieties from time to time, but they are opposed to the restrictions imposed by the mechanisms contained in Bill C-18, essentially UPOV 91.

Some organizations are lulled into complacency that there are no other options, that it won't be so bad, that this is only fair. I feel they're victims of groupthink and brainwashing. There is another way for farmers. I stand on 10,000 years of seed varietal development, developed by farmers. The NFU proposes a document, the "Fundamental Principles of a Farmers Seed Act", where there would be the unrestricted right of farmers to exchange and sell seed and not be restricted by contracts or other mechanisms including UPOV.

Bill C-18 is extensive. It goes into other areas, incorporation by reference. There's a reverse onus on farmers to prove variety, and ultimately there would be litigation chill causing farmers to buy seeds on an increasingly shorter cycle for fear of the exercise of these measures within Bill C-18.

● (1135)

It is not the only way. There are 196 countries in the world, of which 71 have UPOV regimes. Eighteen of those have UPOV 78 regimes, which we have right now in Canada. We fulfill our trade obligations with that. Our major competitors, Argentina and Brazil, use UPOV 78. It's only in the minds of those who wish to facilitate increasing dependence and a loss of autonomy for farmers to promote this.

I would close by saying that he who controls seed controls the food system and ultimately people. Do we trust a few consolidated seed companies with that kind of power? I think it's short-term thinking to believe that this is the only way. There are many different ways, such as participatory plant breeding and reinvestment in public breeding. Innovation takes place on the farm with breeders in a cooperative setting, not by facilitating the revenue extraction tools that Bill C-18 is making possible.

We have submitted a brief to the committee that goes into other aspects of Bill C-18. I would encourage the members to have a look at that.

Thank you.

The Chair: Thank you very much, Mr. Boehm.

I'll ask you, committee members, to identify who you want to direct the questions to, as we have someone on video and he can't see who you're looking at.

In our first go, we have Mr. Atamanenko, please.

You have five minutes. I will keep our time fairly tight to the five minutes. Thank you.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much, Chair.

My first question is for you, Terry, over in Saskatoon.

By the way, thanks to all of you for being here. It's always a pleasure to be back on the ag committee with my honourable colleagues.

Voices: Oh, oh!

Mr. Alex Atamanenko: So much for the mushy stuff. We'll get down to business now.

One of my reasons for existence around this place, as most of you know, has been to look at things through the lens of food sovereignty and the ability for us to control our food supply. I've often spoken out against the erosion I perceive of this, whether it's through trade agreements or other factors.

I want to zero in and look at that, Terry. I and a number of people posed a question to the minister two days ago in regard to saving seeds. We were given the assurance that there would be tweaking of the agreement to ensure that farmers would have the right to save seeds. Is it my understanding that regardless of what we do here, the language of UPOV 91 would supersede this, and that even though we would have that guarantee there still would be that control that could be taken away from farmers? That's my first question.

You folks have done an extensive amount of research on this. I understand that your position would be to retain UPOV 78, as have other major countries, and increase public research. Yet we have a number of other farming organizations, many of which are represented here, that believe it's okay, and that this is the way to go. I'm not convinced either way right now. I would like to get some specific clarification, first of all from you, Terry, and, if time permits, from others.

Thank you.

● (1140)

Mr. Terry Boehm: [*Technical Difficulty—Editor*]...determine the extent of the so-called farmers' privilege and the erosion of it over time as it's developed.

Certainly the UPOV 91 is a template law. Much of this legislation is lifted directly from that template in terms of the amendments, the language, the rights conveyed to breeders. More extensively, once we enact this legislation with its particular elements, and as we're shifting into a period of time when international trade agreements increasingly include investor-state protection mechanisms, the ability to shift the ground in terms of making it perhaps more advantageous to local food production, Canadian farmers, and so on would be lost, because we'd be locked into compensating those so-called players—

international players, corporations, whoever it might be—for lost future profits.

We've experienced that with NAFTA. Certainly those pieces come together along with increased enforcement provisions for all intellectual property rights, including plant breeders' rights, that are extremely draconian. I could expand on that; it includes the seizure from farmers—and not just farmers, but any alleged infringer of an intellectual property right—of their properties and of their assets, and the freezing of bank accounts, etc. This is what I talked about in terms of litigation chill that would cause farmers to purchase seed, whether they needed to or not, on a more continuous basis, and result in increased costs for farmers.

If we look at agricultural policy in general, I think we can see a pretty big failure in agriculture policy in this country. The biggest element of that is the massive increase in farm debt that we've seen in the last number of years in spite of a previous cycle of a bit more buoyant agricultural prices—they're down now—and the decreasing number of farms in this country.

So I don't think anyone can pat themselves on the back that agricultural policy has been improving the lot of farmers in general. It's been externalizing costs onto farmers and showing up on their debt register.

The Chair: Thank you very much, Mr. Atamanenko, and thank you very much, Mr. Boehm.

We'll now move to Mr. Lemieux for five minutes, please.

Mr. Pierre Lemieux: Thank you very much, Chair.

Thank you to our witnesses for being here.

I would like to bring up a point. Minister Ritz, when he was in front of committee at the last meeting, spoke about the future possibility of implementing an end point royalty type of system. Although Bill C-18 doesn't legislate that, it does allow for regulations to follow—probably, I would say, after thorough consultation with the sector on how best to put in place a system like that.

Mr. Jones, you as well mentioned in your speech this idea of end point royalties, which is not part of how business is done right now. I'm wondering if you could share with the committee how you would perhaps see a future system such as that, and what process could be used to put in place a system like that.

● (1145)

Mr. Mark Brock: I actually might steal the question from Mr. Jones and try to answer that myself.

From a producer standpoint and part of this coalition, I think at some point down the road, where we think we need some further investments in research outside of public dollars and private dollars, there might be a need from a producer and industry standpoint of implementing maybe an end point royalty on something, so that we can collect some of these dollars and further advance research and innovation in these different crop sectors to be competitive in the world on a global scale.

I think sometimes we've struggled to encourage investment in Canada. If we can have a place where we can collect some end point royalties at some time, if it's deemed worthy and it's gone through the proper channels, it could encourage some further research and further investments that would benefit producers at the end of the day.

Mr. Pierre Lemieux: Thank you.

Let me just ask a question of the organics sector.

Mr. Holmes has gone, has he?

Mr. Dwayne Smith: Yes.

Mr. Pierre Lemieux: Mr. Smith, can you confirm that the organic sector purchases about \$78 million worth of seed? I think it registered varieties. So I would imagine that trait development, research and development within the types of seeds that organic farmers buy...this legislation would be very helpful to them because if you get higher yields, lower losses, better traits in certain areas, that would be beneficial to organic farmers.

Mr. Dwayne Smith: It's a matter of perspective about the size of the industry. We think we're probably small enough that it wouldn't warrant any private investment into organic seed development, which is our greatest concern.

Mr. Pierre Lemieux: Would you agree that the sale and purchase of organic products is growing?

Mr. Dwayne Smith: Yes.

Mr. Pierre Lemieux: Okay. Dramatically?

Mr. Dwayne Smith: Dramatically, yes, but as a proportion of the greater agricultural industry we're still quite small, even though we're growing quite dramatically.

Mr. Pierre Lemieux: I would imagine organic farmers would desire it, and this would give them a greater opportunity to acquire new varieties of seed that benefit them. It gives them that opportunity as opposed to the current conditions.

Mr. Dwayne Smith: It's all crystal ball-gazing, right? I think that the lion's share of the money will go to developing crops that are compatible with proprietary chemicals. The lion's share of the money will go to crops that are more efficient nitrogen users from synthetic conventional systems. From my own farm's perspective, I'd be looking for wheat with broader leaves, which isn't to increase wheat competition in the field. That's not necessarily anything that's on the scope today.

Mr. Pierre Lemieux: If the organic sector is growing and a plant breeder sees opportunity here, even if it's a niche opportunity, you'd think they might step into it, certainly more so if we move to UPOV 91 than if we stay under UPOV 78. That's really what I'm trying to ask you. Surely when you look to the future through Bill C-18 there's a brighter possibility of organic farmers benefiting from future seed technology, especially when the organic sector is growing, than there is to remain under UPOV 78.

Mr. Dwayne Smith: I'm usually a glass-half-full kind of guy, but in this particular case I think the future would be darker for organic agriculture under UPOV 91.

Mr. Pierre Lemieux: Wow.

The Chair: Thank you for your questions and comments.

We'll now move to Mr. Eyking for five minutes, please.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chair, and thank you, guests, for coming.

As you can see this bill has a lot in it. A lot of good changes are going to be made in the agricultural industry. There's a sense that we need to have legislation. It's difficult sometimes when it's all in one bill. I think overall whoever I talk to in the industry agrees there need to be changes. A lot of good stuff is in this bill, but some say there has to be some tweaking.

Mr. White on the advance payments, my question to the minister on Monday was, why not increase to \$800,000. I think he said 94% don't go beyond \$400,000 and we have to keep benefiting small farmers and their 6%. I see that you were saying the 6% who use it, that's last year's figure, or whatever, the year before. So now we're up to 10%. Farm sizes are increasing, but you're also increasing your input and whatnot. So it's going to keep going higher and higher. Do you think there could have been a bit of a happy medium when a lot of people are saying \$400,000 is not enough and the minister is saying \$800,000 is too high. Do you see that percentage going higher and higher? Also, do you think the minister and this committee should look at some sort of middle of the road, maybe \$600,000 or something, that's going to help farmers in the next decade?

• (1150)

Mr. Rick White: The 10% number we use is what we experience at CCGA, the data that we have for the farmers we serve in western Canada. I suspect the minister is using the national averages, which would be a different set of numbers. But yes indeed, the number of farmers who are hitting the limit at \$400,000 is increasing, and we hear from them. When you look to the future, farm sizes are getting bigger. Input prices keep going up, and \$400,000 doesn't go nearly as far as it used to. So that's one thing.

The second point I want to make is that it may look like only 10% of the farmers are hitting the lid, but what we're not capturing are those farmers who are walking away from the program and not utilizing it because \$400,000 isn't worth their time. They're not even using the program. We think there are a lot of farmers who would use it if they could come and get more money, because their input costs are \$600,000 or \$700,000 or \$800,000 and they have to go to the bank anyway. That's what's not being captured here, and we think an expanded limit would capture those farmers and serve farmers large and small equally.

Is there a middle ground? Absolutely. We put the number \$800,000 out there, but any increase, I think, would be very much appreciated by the farmers. It would make it more useful to them and it is a very valuable tool for them. It's very cheap financing for them in the balance.

Hon. Mark Eyking: Thank you very much. I think the other point you made was that the process, how it's done, also needs to be tweaked.

I have to get my question in. I have only one shot.

To the member from the farmers union, many countries are using the system we're proposing, the UPOV, and I asked one of the department heads the other day about places like France that use the new system. One of the department people said they have no problem with it.

So here's my question to you. You see this big problem with the changes in the seeding rights, and the minister is saying they would entertain some tweaking of terminology. My sense from the organic people and the farmers union is that you want a total overhaul or you want it thrown out. Can you tell me in which countries that have the system in place the farmers are protesting or having a problem with it?

Mr. Terry Boehm: Certainly. You have to remember that when you talk about a number of countries using the UPOV system, you have 27 member states in the European Commission. That's almost one third of the countries in the world that use UPOV. They're a heavily subsidized agricultural production system. UPOV 91 was introduced only a year or two ago in France, and there were widespread protests. Nevertheless, farmers have difficulty with seed-saving. There are restrictions on access to seed-cleaning equipment in France, in terms of building new plants, which is a key part of the seed system that's a big worry in this UPOV element.

We're talking about a system that actually does increase costs to farmers, which is not universally accepted, however accepting governments are of it in certain jurisdictions as a function of some trade agreements and extensive lobbies from certain parties.

Hon. Mark Eyking: We have two totally different opinions at the table here today. Do you think there's a compromise here with this part?

Mr. Terry Boehm: I think the compromise is UPOV 78. It perfectly fulfills our international obligations. It allows plant breeders to collect royalties on their development. One third of UPOV member countries use UPOV 78, and in the TRIPS agreement on trade-related aspects of intellectual property, UPOV is just one example of plant variety protection. A *sui generis* system developed in the country, an equivalent system, or an independent system altogether is perfectly acceptable.

We don't need to go down this road.

• (1155)

The Chair: Thank you very much.

We'll now move to Mr. Zimmer for five minutes, please.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thank you, Mr. Chair.

Thank you for appearing at committee today.

I'm just looking at an article in the *Alberta Farmer Express*. The title of the article is "Debunking myths around Canada's UPOV '91 legislation". I say this for the NFU member on conference call, but I can't do it any better than David Jones has just done.

Can you list the five points that you made earlier, for the benefit of the NFU member, please?

Mr. David Jones: The first was that plant breeders' rights are not patents. I explained the background related to that. Second, the proposed amendments will not implement end point royalties.

Third, no matter what terminology is used, the amendments in the bill entrench the ability to save the harvested materials farmers produce on the farm: to clean it, to condition it, and to store it and use it as seed on their own farms. Fourth, large seed companies will not be the only ones to benefit. The public sector institutions will also benefit from PBR.

Fifth, input costs related to seed have actually decreased year after year since the introduction of plant breeders' rights.

Mr. Bob Zimmer: If I did my very best, I couldn't do it that well. Thank you for doing that so concisely.

Since I'm not a farmer, I'm going to defer the rest of my time to a person on our committee who is a farmer, Mr. Dreeshen.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much, Mr. Chair. It's great to be able to make a few comments on this.

One of the things that I had heard before and that the NFU had talked about is that our ancestors never expected seed to be wrested away from them, yet the grain we grew from that seed was wrested away from us with the Canadian Wheat Board during that particular era. I'm certainly pleased that we've been able to move beyond that.

There's one comment that I would like to speak to the organics sector about. There has been \$8 million for the Organic Federation of Canada, I believe for the organic science cluster. We can see that the government has put a lot of money into research. There are 200 collaborating scientists who are going to be working on all these different priorities. I see a great amount of interest from the government in helping organizations.

I'm looking at the opportunity for people in your industry, not only in being able to bring in genetics from other areas, but also in producing your own genetics and selling that worldwide. With this money that's been invested into the organics cluster, I'm wondering if you feel that there are people in your organization who feel you can move forward and actually be competitive with your own skill sets.

Mr. Dwayne Smith: I appreciate the opportunity of the \$8 million. The industry by and large sends its thanks. The \$8 million is spread throughout a tremendous number of sectors. We're not just grains, we're not just livestock, we're not just horticulture, and we're not just apiary. We're from coast to coast and it does get disseminated down. There's a little bit to go around, and people still are quite appreciative.

I do think that some of the \$8 million is destined to go to some of these varietal developments. Currently, one oat variety has been developed for organic settings. There's talk about and some work being done on organic wheat varieties in western Canada. I'm aware of those opportunities.

I think there are opportunities. We, as an industry, are an industry in an industry. We take great pride in trying to solve problems that are at hand. Our problems aren't necessarily shared by everybody in the industry, but I think we are innovative enough that we can move forward.

I don't think that having UPOV 91 brought to fruition in Canada kills the organics industry. I think it just makes it harder.

I hope that that answers your question.

•(1200)

The Chair: Actually, we're going to cut it there, Mr. Dreesen. You only have a few seconds left.

I now want to go to Madam Brosseau for five minutes, please.

Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP): Thank you, Chair.

I'd like to thank all of our witnesses for being here on this important piece of legislation, the agricultural growth act. It is a far-reaching bill that has implications that will last for years and years to come, so it's very important to have this debate. I've really enjoyed all the input from all our witnesses here today.

Mr. Smith, you're saying that with the adoption of UPOV 91 there will be darker days for the organics industry. I keep thinking of my riding, where this week there's the Festival de la Galette. It's a buckwheat festival. I invite everybody interested to come to my riding, to Louiseville, where we're having *galettes* and celebrating buckwheat.

But is this bill really good for farmers? Will this take more money out of their pockets? There was a lot of talk from Mr. Boehm, who was saying that we could just stay where we're at with UPOV 78. Would you agree that maybe we could stay with UPOV 78?

Mr. Dwayne Smith: I would agree with that. I think if we adopt UPOV 91 there will be less concentration on public breeding, and less concentration on public breeding will be injurious to the organic sector, and I think injurious to agriculture in general in Canada.

The current system we're under is UPOV 78. While it doesn't provide for end point royalties and some of the other new incentives to develop that are working today, we don't feel the current system is a disservice.

The new system would be onerous. It would provide for more reporting from farms, it would provide for some restrictions, and we think it wouldn't be as user-friendly as the system we have today.

Ms. Ruth Ellen Brosseau: It's something I often hear. There's a lot of red tape. I have a lot of small farms in my riding so it's important to make sure they are not burdened with more red tape.

Bill C-18 will allow CFIA to make changes through regulation without a debate so when it comes to farmers' privilege, government can change or maybe hinder rights at any time without parliamentary oversight. Do you think it's appropriate for farmers' privilege to be revoked at any time?

Mr. Dwayne Smith: Not at all. In doing research on this and in preparing for today, farmers' privilege seems to me to be a bit of an oxymoron. I think it's the farmer's responsibility to be able to

maintain seed. It is inherently in us to be able to have seed and make sure it's viable and can reproduce for generations to come.

We recognize also that the revocation or taking away of farmers' privilege can just be done through a traditional regulatory process, and it can be done on a crop-by-crop basis so it can certainly cause hurdles in the future.

If UPOV 91 is put in place and there's no public breeding, the new crops will come with novel traits, with contractual agreements that are over and above the seed legislation that will restrict how I produce it and perhaps even how I market it. Being a free enterprise kind of guy, I don't like that too much.

Ms. Ruth Ellen Brosseau: I know a lot of Canadians are uneasy about certain aspects of this bill. Quite a few members of the House would table quite a few petitions from across Canada sharing some of the concerns you have today.

Mr. Boehm, I would like to touch on some of the documentation you gave us. You said the provisions will contribute to the inflation of farmland prices that will make it harder for younger generations.

I have an aging population in my riding. Farmers are looking to transfer their farms. Access to capital and all the other problems that come with transferring farms to their children or other relatives are a big concern.

Could you comment on how this bill, if adopted as is, would be negative for future generations looking to get into farming?

•(1205)

The Chair: You have thirty seconds, please.

Mr. Terry Boehm: That was in reference to the expanded cash advance program and to whom that cash advance system is available. If it's expanded to include defined Canadian corporations that can have outside investment companies that are buying up tracts of land and renting them out or utilizing that mechanism to further investment in land and speculation, we think that's worrisome.

We think the cash advance should be available only to practising bona fide farmers. In reality, some limits on its size would also make it less able to be incorporated into the capital cost of land. That mechanism is the most important thing for farmers: access to land. Increased costs in that regard could potentially be generated by too wide an application of the cash advance program.

The Chair: Thank you very much.

Now we'll go to Mr. Payne, for five minutes.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Chair.

I thank the witnesses for coming today.

I need to help correct a couple of things. I know that Mr. Boehm talked about the NFU, about how good it was for the farmers and how they controlled their seed. My colleague talked about the Wheat Board. I wanted to touch a bit more on that. Of course, with the Wheat Board, for wheat and barley, the farmer, if he was selling, had no opportunity to manage that himself. Even if he wanted to sell it for milling, he had no opportunity to do that. Since the Wheat Board is gone, I have a whole ton of farmers in my riding who are just tickled pink. They can sell it wherever they want, so that's really positive.

On the other comment, our colleague across the way, Ms. Brosseau, talked about UPOV 91 and the potential for regulation to change and eliminate breeders' rights. This is an international agreement, as I understand it, and I don't believe you could change that through regulation without actually bringing it back to Parliament.

That said, I do have a couple of questions, and certainly there were some really positive comments from Partners in Innovation—

A voice: It's in law.

Mr. LaVar Payne: That's right. It's in law. Thank you.

Sorry. I was talking about Partners in Innovation.

Your organization said that you really support the plant breeders' rights and that confidence in the ability to invest in improved varieties will deliver higher yields and better economics for farmers. I don't know if you want to touch on that anymore.

I'm not sure whether Mr. Brock or Mr. Jones would want to add to that.

Mr. Mark Brock: Yes. As a farmer and a producer, my economic well-being depends on the crops I grow and the yields I get. When you look at plant breeders' rights and moving to this UPOV 91, you see that it creates a better environment for investment by these companies to come in, to create varieties that are tailored to our conditions to account for regional differences across this nation, and as I said, to create varieties that have higher yields and provide quality characteristics that end-users are looking for.

As I said, all it does is really foster the innovation and development that provide varieties and tools we can use as producers to meet our goals as business owners and to meet the users' objectives of what they want to do with the product at the end of the day. As an organization, as a collaboration, we're excited about the opportunities of UPOV 91 coming in to encourage that investment.

Mr. LaVar Payne: You did talk a little bit about the B.C. grain growers and about the Atlantic Grains Council, was it?

Mr. Mark Brock: Yes.

Mr. LaVar Payne: Do you have any other comments you want to suggest that those organizations have made to support Bill C-18?

• (1210)

Mr. Mark Brock: Yes. There are a few other organizations that have lent their support as well. The Canadian Canola Growers say, "Enhancing our research environment to better attract investment in new plant varieties is essential to keep our farms sustainable

agronomically, environmentally and economically today and into the future."

You can look at some other crops. There's the chair of Mustard 21, who says, "Plant Breeders' Rights legislation that conforms with UPOV 91 will provide the Canadian mustard industry increased ability to...support innovative plant breeding. This will...continue to keep Canada on the map as the world's Number 1 supplier of... quality mustard...".

There you can see another couple of examples where these organizations across Canada look at UPOV 91 coming in and the environment it can create for further investment. We view it as a win.

Mr. LaVar Payne: I have one minute, Mr. Jones. You talked about public research. I wonder if you could expand on that a bit, please.

Mr. David Jones: Certainly. What has happened is that varieties that were developed in Canada since PBR came in actually have been developed at public institutions. Those institutions—universities, provincial organizations, and Agriculture and Agri-Food Canada—benefit from the revenues generated from the sale of seed. That is money that's available to go back and further increase innovation in Canada. It's very positive.

My area is potatoes. I would like to note that with PBR coming in, there's been an emergence of a private breeding network in Canada; there are only about six or eight of them, but it's really driving that. These individuals have very small operations, but they are generating new varieties for use by Canada. That's directly a result of plant breeders' rights.

Mr. LaVar Payne: I have some potato producers in my riding around Taber.

The Chair: Thank you very much, Mr. Payne. Thank you very much to all of our witnesses for coming in. Thank you for the teleconference in Saskatoon.

We'll break now for a very short time until we get the next witnesses in.

• _____ (Pause) _____

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• (1215)

The Chair: I want to call the committee back. I think we're going to be fine as we go into the second hour, which has been extended. I appreciate everybody working through our technical issues here.

In the second hour we have, from the Canadian Federation of Agriculture, Humphrey Banack, vice-president. Thank you very much for coming.

From Cereals Canada, Cam Dahl is with us. He's president. We also have from the Barley Council of Canada, Brian Otto. On video conference from Calgary, Alberta from the Alberta Barley Commission, we have Matt Sawyer.

They will be splitting their time. Also on video conference from Winnipeg, we have Keystone Agriculture Producers.

I'm going to work with our video conference people first, just in case there's a technical problem, and we can go back.

I will start then, if that's okay, with Mr. Doug Chorney, who is president.

You have six minutes please.

Mr. Doug Chorney (President, Keystone Agricultural Producers): Good afternoon. I'm Doug Chorney, president of Manitoba's Keystone Agricultural Producers. I'm pleased to have an opportunity to speak to you today about Bill C-18, the agricultural growth act. While I recognize that this bill improves and modernizes nine existing acts, it's the changes to the Plant Breeders' Rights Act that have received the most attention from farmers in Manitoba. I would like to focus primarily on this act.

The changes to the act will bring Canada into compliance with UPOV 91, the international agreement for protecting intellectual property of plant breeders. It is anticipated that this will pave the way for increased investment in crop variety development. Manitoba farmers recognize the need to remain competitive on the global stage, and accessing new and improved crop technologies is critical to achieving this.

I would like to use the current example of the need for new variety developments. Our cereal crops that have been hit hard by fusarium this season. Fusarium head blight is a disease that has affected nearly 100% of our winter wheat fields. Financial losses due to yield reduction, cost of fungicide application, and downgrading in quality have been very significant, primarily because we don't have access to fusarium-resistant varieties. It has been a reoccurring problem over the past 20 years, since the disease first moved into our region. Manitoba has the highest rate of fusarium on the Prairies because of our moisture conditions.

We anticipate that the changes to the Plant Breeders' Rights Act will create a better climate for investment and research, one that can be more responsive to farmers' needs so that high-performing fusarium-resistant varieties will finally come to the marketplace. I would like to highlight how investment and research made it possible to grow soybeans on the Canadian prairies. Soybean production in Manitoba has grown from 100,000 acres in 2005 to 1.3 million acres in 2014, making it the third largest crop in Manitoba even as it creates new opportunities for our industry.

Keystone Agricultural Producers realizes that the changes to the act are meant to ensure that plant breeders receive the compensation they deserve from all users of their patented varieties through more diligent collection of royalties. I want to stress that we recognize the need for these changes. However, it is important that the Government of Canada and the plant breeders' rights office recognize that there is still considerable concern and unease among farmers and that more work must be done to assure them that there will be a net benefit to their operations.

Many questions have been raised about the possible introduction of end point royalties to Canada as a result of Bill C-18. We know that end point royalties are not a foregone conclusion, but we need to ensure that if they are adopted, the collection process is transparent and fair.

We also know that farmers' ability to save seed is enshrined in this legislation, but some farmers need further clarification and assurances.

We are concerned about the competition between established seed technology companies and smaller plant breeders or new market entrants, and whether this could adversely affect farmers. If a breeder builds novel traits into an existing protected variety, the commissioner of plant breeders' rights should be diligent in ensuring that fair compensation is negotiated between rights holders so that new varieties can be introduced to the marketplace and be accessible to farmers.

Overall, there are outstanding concerns on how the legislation, through its regulations, will affect farm-level costs. It is critically important that farmers are consulted during this regulation development process so that we can ensure that interests are safeguarded. We want to ensure that regulations will be developed in a way that is reasonable for all parties.

Before my time is up, I'd like to address another component of Bill C-18. I want to speak in favour of the proposed changes to the Agricultural Marketing Programs Act. They will make the advance payments program more accessible and responsible to farmers' needs. As weather-related incidents and volatile markets become the norm rather than the exception, this loan program has become an increasingly important component of farm management. It provides advances for improved farm cashflow, which allows farmers to extract profitability from the marketplace. What I do ask, however, is that the interest-free portion of the advance be increased from \$100,000 to \$400,000, and the maximum limit be raised from \$400,000 to \$800,000 to reflect farm size changes.

I'll wrap up now, as I believe I'm running out of time.

Thank you for the opportunity to speak. I welcome any questions you might have.

•(1220)

The Chair: Thank you very much, Mr. Chorney.

We'll now move to Mr. Matt Sawyer, chair of the Alberta Barley Commission, via video.

Go ahead, please.

Mr. Matt Sawyer (Chair, Alberta Barley Commission): Thank you, Mr. Chairman, and good afternoon.

On behalf of Alberta Barley, I'd like to thank you for inviting me here today to discuss Bill C-18. My name is Matt Sawyer and I'm here on behalf of Alberta's 11,000-plus barley farmers.

The amendments to the Plant Breeders' Rights Act as outlined in Bill C-18 are important to farmers and Canadians. By implementing Bill C-18 and adopting UPOV 91, we will finally be on a level playing field with the world's major agricultural exporting countries. A level playing field means more investment in research from international companies and an increase in the number and diversity of crops and varieties. All of that ultimately means more choice for farmers, which we wholeheartedly support.

We also believe the amendments to the Plant Breeders' Rights Act balance the interests of farmers with those of both public and private plant breeders. As farmers, we know the value of hard work and being rewarded for that work. Strengthened breeder protection will foster a positive business environment for investing in plant breeding in Canada.

International harmonization through the adoption of UPOV 91 will encourage foreign breeders to release new and innovative varieties here in Canada. Under UPOV 91, any plant breeder will be able to breed from a protected variety and no authorization will be required to conduct research and experimentation on a protected variety. This means that farmers in Canada will have faster access to better genetics. It's a win-win.

However, we would like to direct some attention to an item that is of critical importance to farmers. Under UPOV 91, an explicit farmer's exemption is required to allow farmers to continue saving, conditioning, storing, and replanting seed of a protected variety. Bill C-18 has included this provision. However, we understand that it is subject to restrictions that aren't outlined at the moment. To be clear, Alberta Barley unconditionally supports the inclusion of this provision. We believe that farmers should have the right to save seed and because of that right, farmers' privilege should not be subject to future restrictions or litigations.

As an organization directed by farmers, for farmers, Alberta Barley will continue to encourage the federal government to consult our members as they develop the regulations to support this bill. We support Bill C-18 but we also believe that the regulations within it need to be arrived at through transparent consultation, directly involving the people who ultimately will end up paying for it.

Alberta Barley's mandate is to create a vibrant, innovative industry that unlocks the entire potential of barley. We will always seek to advance the interests of Alberta Barley farmers through leadership and investment in innovation and development. Because of this, we support the proposed amendments to the Plant Breeders' Rights Act.

Thank you for the opportunity to contribute from Calgary to the committee's review. I am pleased to answer any questions you may have.

• (1225)

The Chair: Thank you, Mr. Sawyer.

For the rest of the time, we'll go to Mr. Otto from the Barley Council of Canada, please.

You've got about two and a half minutes.

Mr. Brian Otto (Chairman, Barley Council of Canada Working Group): Thank you, Mr. Chairman and the committee.

My name is Brian Otto and I am chairman of the Barley Council of Canada. I farm east of Warner, Alberta.

I'd like to thank the committee for inviting me to present to you on behalf of the Barley Council of Canada. For those of you not familiar with Canada's national barley council, we represent farmers from across Canada as well as the entire supply chain for barley, including members of the research and life sciences community, the malting and brewing sector, the feed and livestock industry, and select grain-

handling companies. We are the only national organization that has every stakeholder at the table. We represent every aspect of the value chain, and it is our mission to work together as a value chain to ensure long-term profitability and sustainable growth of Canada's barley industry. This is why we are so pleased to have the opportunity to tell you why we believe that Bill C-18 will positively impact profitability of the barley industry in Canada. Bill C-18, the agriculture growth act, outlines amendments to a number of different acts.

I would now like to comment on the proposed changes to the Plant Breeders' Rights Act as outlined in the bill. The Barley Council of Canada supports the government's intentions to amend the Plant Breeders' Rights Act in order to ensure alignment with the convention of the International Union for the Protection of New Varieties of Plants, better known as UPOV 91. Canada is currently the only one of nine OECD countries that has yet to modernize its plant breeders' rights protection to be compliant with the 1991 convention. We believe that the proposed amendments will strengthen the intellectual property rights for plant breeding in Canada, in turn encouraging greater investment and innovation in research and variety development. The barley value chain in Canada recognizes a tremendous potential that will result from the recent trade deals negotiated between Canada and other regions such as the European Union and South Korea.

To ensure that we are well positioned to take full advantage of these opportunities while we strive to meet the increasing global demand for our quality Canadian barley, it is imperative that we ensure that our plant breeders' rights are aligned with those of our global trading partners. We are confident that this increased investment will ensure that Canadian farmers have better access to new and improved seed varieties that have potential to enhance crop yields, improve disease and drought resistance, and meet global trade demands.

It is also important to note that there are no restrictions on who can be a plant breeder. Plant breeders' rights are not limited to corporations and can be held by publicly funded research organizations, government entities, and educational institutions. In fact, 45% of all protected agricultural varieties have been developed at public institutions that receive royalties on seed sales allowing them to continue to research. Approximately \$2.9 million is reinvested in AAFC research stations.

Another key consideration in moving from UPOV 78 to UPOV 91 is the fact that UPOV 91 contains provisions that allow for inclusion of farmers' exemption or privilege. This is not guaranteed under UPOV 78. The Barley Council of Canada supports the inclusion of this privilege. As the regulations of our bill are developed, we will continue to advocate to ensure that farmers' ability to save seed is not limited in any way.

To summarize my comments here today, as part of our mandate to ensure the long-term profitability of the barley value chain in Canada, the Barley Council of Canada supports the passage of this bill.

Thank you very much for the opportunity to speak to you today.

The Chair: Thank you very much.

I'll now go to the vice-president of the Canadian Federation of Agriculture, Mr. Humphrey Banack.

Mr. Banack, go ahead, please. You have six minutes.

Mr. Humphrey Banack (Vice-President, Canadian Federation of Agriculture): Thank you. It's a pleasure to be here.

Thank you, Mr. Chairman and members of the committee. I'm pleased to be here on behalf of the Canadian Federation of Agriculture to speak to you today about Bill C-18, the agricultural growth act.

My name is Humphrey Banack. I'm a grains and oilseeds producer from Alberta and vice-president of the Canadian Federation of Agriculture. The CFA represents through its member organizations more than 200,000 farm families from across Canada to promote the interests of Canadian agriculture and agrifood producers, and to ensure the continued development of a viable and vibrant agricultural and agrifood industry in Canada. We believe Bill C-18 will contribute to a more vibrant agriculture industry in Canada by modernizing a number of pieces of agricultural legislation. However, we will identify a few key points we believe should be addressed.

Due to time constraints I would like to focus my comments primarily on changes to the Plant Breeders' Rights Act and the advance payments program.

Despite signing onto UPOV in 1991, Canada has remained one of the few developed countries in the world not to ratify it through amended legislation. As you heard in the earlier presentation by Partners in Innovation, of which CFA is a member, this has limited investment in Canadian varietal development and prevented Canadian producers across a wide range of sectors from accessing the most up-to-date and innovative products.

CFA is a strong proponent of the introduction of updated plant breeders' rights legislation, and Partners in Innovation illustrates the broad industry support of these updates.

The issue boils down to making sure Canadian farmers are competitive and aren't falling behind other countries. We believe the legislation strikes a good balance between giving plant breeders the ability to receive a return on their investments in R and D while preserving the ability for farmers to save, store, and condition seed for their own use.

Although a number of concerns have been raised as to the effects that UPOV 91 will have on the diversity of breeders in Canada, international evidence suggests that the implementation of UPOV 91 will result in an increase in the diversity of Canadian breeders. I would also like to point to the fact that 45% of all the agriculture varieties currently protected under plant breeders' rights were developed at public institutions.

I must note our continued concerns with the recent shift away from public funding for basic varietal development, as it may very well reduce the presence of new, publicly funded varieties, and reduce competition from public entities. However, enhanced plant breeders' rights provide a platform for exciting new developments

between producers and public institutions. With draft UPOV legislation now progressing through the House, we've already heard mention of a new research centre in Saskatoon, and partnerships between Canadian companies and international breeders. We continue to hear of groups exploring producer-led breeding initiatives in Canada. However, we believe increased funding for producer-public partnerships in this vein is needed in the future.

We see updated plant breeders' rights as a necessary step for the long-term competitiveness of Canadian agriculture, leading to increased investment in varietal development, and providing producers with access to the most up-to-date varieties.

I would like to comment on two specific components of the changes announced to the Plant Breeders' Rights Act: end point royalties and the farmers' privilege.

As already stated, Bill C-18 does not introduce end point royalties into Canada. Instead it creates a legislative framework through which end point royalty models can be developed through regulation. Our primary concern is that producers must have a significant role in future regulatory processes through robust consultation to ensure that any such royalties are reasonable and supported by our industry.

Similarly, we do not believe the term "farmers' privilege" is problematic as long as the legislative text behind it provides the necessary protections. In this vein, we are pleased to hear the minister suggest an amendment that would clarify the privilege to include farmers storing seed for future propagation.

With a wide range of products affected by this legislation, we recognize the need for regulatory authority to amend the privilege where there's industry consensus and it is desirable. It is an important point that we would like to see addressed in any future regulations.

Any regulations amending the farmers' privilege or developing end point royalties will require considerable consultation. We believe this process should require consultation with the plant breeders' rights advisory committee identified in this legislation. This advisory committee has mandatory producer representation, and we believe the consultation with this committee will ensure there is industry support for any amendments to the farmers' privilege or for the development of any end point royalty systems.

• (1230)

I would now like to shift my comments to the changes to the advance payments program. CFA members were pleased to see the changes in Bill C-18, as they reduce the red tape associated with getting an advance, they broaden access to the program for new products and new forms of security, and they provide producers with greater flexibility to market their products.

The ability to repay advances without proof of sale is an important amendment that will allow producers to market their products when it meets their needs rather than those of the program. We were pleased to see the government recently extend a stay of default to producers affected by the transportation difficulties last year, but these changes will provide much-needed flexibility around repayment deadlines for those unable or unwilling to move their product in the future. Similarly, multi-year agreements will reduce a lot of unnecessary paperwork for producers and administrators who were having to fill out the same information year after year. Coupled with the amendments allowing single administrators to offer advances on multiple commodities, this will streamline access for all producers.

While producers will benefit from these amendments, we believe any administrator expansion into new regions should require the approval of affected producers, via their producer groups. One of the benefits provided by smaller administrators in many areas is that they operate as service providers with in-depth knowledge of local regulations and the dynamics of the sectors they advance to. We must ensure that streamlining the program doesn't result in reduced service delivery.

Regulations should require administrators to consult with producers before any such expansion and impose guidelines that ensure that administrators are familiar with the relevant regulations in a particular province, such as collective marketing regulations in Quebec, which can have a number of implications for APP delivery.

Although we appreciate the wide range of improvements this legislation makes to the advance payments program, our members were disappointed to see the maximum advance limits not updated. The limits were last increased in 2006, but since that time the cost of farm inputs has risen dramatically. Farms selling more than \$800,000 are increasingly common. For example, my fertilizer, rail freight, land costs, and crop protection costs now individually exceed \$100,000, and my annual operating costs are closer to \$600,000.

Although a relatively small percentage of all farmers, these farms represent a significant amount of Canadian production.

•(1235)

The Chair: I would ask you to wrap up. You're well over time.

Mr. Humphrey Banack: Yes.

For producers already receiving advances near \$400,000, transportation challenges and banks' reluctance to increase farm debt illustrate the benefit of an increase to the limit come seeding time. An increase to the interest-free and interest-bearing limits that recognize the increases in farm input prices will ensure that the program maintains its utility moving forward.

I'm very happy to be here today on behalf of the Canadian Federation of Agriculture. I look forward to any questions.

The Chair: Thank you very much.

Now we'll move to Mr. Dahl, with Cereals Canada, for six minutes, please.

Mr. Cam Dahl (President, Cereals Canada): Thank you very much, Chairman and members of the committee. It is a privilege for me to be before you again.

Helping to create an environment that sees Canada as a first or the first choice for agriculture innovation is one of the key priorities for Cereals Canada. Bill C-18, the agricultural growth act, is an important step in that direction and will encourage the required investment.

My name is Cam Dahl. I am the president of Cereals Canada. In the interests of time, I will skip over the introduction of the organization, but I'm very happy to answer any questions you may have about our makeup.

I'm going to be concentrating my remarks on the portion of this bill that deals specifically with plant breeders' rights. These are proposed sections 2 through 51 of Bill C-18. Cereals Canada supports these measures, and we encourage all parties in the House of Commons to come together quickly and adopt them.

Canada has a strong reputation for consistently delivering quality products to the international marketplace. Cereals Canada looks for opportunities to build upon the Canadian brand. Building a strong Canadian cereals brand goes hand in hand with renewed investment in research and development. The Canadian industry today has an opportunity to develop and implement an innovation strategy that will facilitate increased research investment in the quality traits demanded by our customers.

There is a resurgence of interest in innovation and research in cereal crops. This presents the Canadian sector with an opportunity to make Canada a top choice for investments by helping create a policy environment that ensures a return on investment for all stakeholders in the value chain. Taking advantage of these opportunities will increase the value of Canadian cereals production for farmers, grain marketers, and crop development companies, while developing strong value for our customers.

I will not review the discussion of UPOV 91. I believe that's something you have become familiar with. However, I do want to highlight the mission of the convention, which is "to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties, for the benefit of society".

All but a few developed countries—Canada, New Zealand, and Norway—conform to the current version of UPOV 91. The fact that Canadian law does not conform to UPOV 91 means that companies face a disincentive to bring to Canada varieties that have been developed elsewhere, as well as an incentive to invest outside of Canada. Bill C-18 will help correct these problems.

The benefits are already evident. You've heard this from other presenters, but the introduction of Bill C-18, even before it has become law, has already had a positive impact on the environment for investment in innovation.

Last month I had the privilege of attending a sod-turning for Bayer's new wheat-breeding facility near Saskatoon, Saskatchewan. Bayer has been explicit. The prospect of Bill C-18 and the adoption of UPOV 91 was one of the key factors convincing the global centre in Europe to invest in wheat breeding in Canada.

This is not the only example of increased investment in cereals research. Canterra and Limagrain have formed a partnership to bring new varieties into Canada. KWS, a company based in Germany, has formed a partnership with FP Genetics to bring a new hybrid rye variety into Canada.

It's important to stress that the benefits of complying with UPOV 91 will also accrue to public entities. My friends have mentioned this as well, but I think it is something that is worth emphasizing.

Universities, government departments, and smaller plant breeders will benefit. Between 45% and 50% of all Canadian plant breeders' rights applications for agriculture crops come from public institutions, such as Agriculture Canada, universities, or provincial governments. Royalties collected are an important source of funding for these breeding programs.

Bill C-18 is a positive initiative, and I don't really want to stray into the negative, but it is necessary to highlight the fact that if Canada fails to modernize our regulatory environment, then the upswing that we are seeing in investment in cereals innovation will not take place in Canada. Instead, these investments will be made in countries such as Australia and the United States, with the benefits like increased yield and improved disease resistance going to farmers who compete with us in the international marketplace.

I want to spend some time doing a little bit of myth-busting. I have heard some questions—and you've heard them today—about the adoption of UPOV 91. These questions are largely based on misunderstandings of what the convention means for Canadian farmers and plant breeders.

One of the myths that seems to have propagated on the Internet is that farmers will be prevented from saving their own seed for replanting. This belief is simply wrong.

● (1240)

The current version of the legislation, based on UPOV 78, is silent on the ability of farmers to save seed. An updated Plant Breeders' Rights Act under Bill C-18 would specifically address the right of farmers to save and plant their own seed.

Would it be okay for a farmer who saved their own seed for a variety that was protected under plant breeders' rights to sell some of this to his neighbour for planting? No, that is not okay. Selling brown bag seed eliminates the return on investment for developers, discourages investment, and is illegal under the current version of the legislation.

I have also heard some express concern that existing heritage varieties will suddenly become owned by some big multinational corporation and become unavailable to farmers. Again, this is just plain wrong. All varieties that are currently commercialized, or will be commercialized before the adoption of C-18, will be covered by UPOV 78. So-called heritage varieties are likely not subject to plant breeders' rights in the first place because they are already in the

public domain. Like all varieties in the public domain, they will remain there. The changes you are considering today will only apply to new varieties that plant breeders choose to protect.

I have also heard some express concern that adopting UPOV 91 will decrease the varieties available or decrease Canadian genetic diversity. The opposite is true. Strengthened protection fosters innovation and increased diversity. Mr. Smith had commented about investment in organic variety developments and some of my members are targeting development of varieties specifically for the organic sector.

These are just a few of the myths that have grown up around UPOV 91. They are not the only misconceptions.

I am happy to respond to your questions and comments.

The Chair: Thank you very much, Mr. Dahl.

I will go on to five-minute rounds and because we have video conferencing I would ask that you identify them because they will have a little trouble identifying who you are putting your question to.

You have five minutes, Mr. Allen, please.

● (1245)

Mr. Malcolm Allen (Welland, NDP): Thank you, Chair, and thank you to the folks.

Mr. Dahl, five minutes go really quickly.

Your comments were that you were going to bust some myths with certainty, but when you talked about heritage seeds you said most likely. So is it certain, or is it most likely?

Mr. Cam Dahl: It's certain.

Mr. Malcolm Allen: Okay, good enough, that's all I need to know.

Mr. Cam Dahl: Varieties that are in the public domain today will remain there.

Mr. Malcolm Allen: Mr. Chorney and Mr. Sawyer, you talked quite a bit about some of the things that you think you need to see that would, I'll use the term, enhance Bill C-18 to the benefit of farmers in your organizations, and made some suggestions. But the likelihood is we're now talking about a regulatory change per se, not necessarily a legislative piece. Clearly for those of us who do this business here, legislation means I have something to say about it and in a sense the text comes before us and we study it. In a regulatory sense it means the ministry gets to do it, the government does it.

I'll remind my friends across the way about the \$100,000 a day we agreed to in the order in council that we helped this government work on. When it came to the railroaders for penalties that magically became a \$100,000 a week.

Mr. Pierre Lemieux: It's in the legislation.

Mr. Malcolm Allen: I hear the tweaks across the way, but the bottom line is that's not what farmers understood it to be. So how much are you concerned about the regulatory effect not necessarily addressing what you need? Or do you believe that you can work inside that format to get the changes you think are needed as part of Bill C-18?

I'll start with Mr. Chorney, then I'll go to Mr. Sawyer.

Mr. Doug Chorney: Okay, thank you, Mr. Allen.

We would want to be involved in part of that process of regulatory development. My understanding is that the way legislation is meant to be designed is that it provides a framework and then through regulations you have the flexibility to adapt through time. A case in point would be our cash advance limits. As Humphrey Banack pointed out, we know the economics change rapidly in our industry, and it's quickly becoming very costly to operate your farm every year. Cash advance limits in the past may have been appropriate at that time. Through regulations I believe the minister can make those changes routinely as required. I think that type of flexibility makes the legislation more practical in a lot of respects. I hear your message that you're concerned, but I think our members feel we're going to get a chance to give input as needed on issues like that.

Mr. Malcolm Allen: Fair enough. I appreciate that.

Mr. Sawyer, I know there was mention about an end point royalty that would come through a consultative process at the end, perhaps. Obviously you're not looking to get an end point royalty, per se, I don't believe, on behalf of your members. It would probably be those who are innovating new seeds who might want an end point royalty because it's more money to them.

But perhaps you could speak to this. In terms of the regulations, do you feel your input could be effective? Do you feel you can be a strong enough voice to talk to that issue through a regulatory process? Or would you perhaps be at a disadvantage with some folks who maybe have more clout than your organization at any given moment in time? I'm not suggesting you don't have a strong organization, Mr. Sawyer; I think you actually do.

Perhaps you could comment on that.

Mr. Matt Sawyer: I think we'd certainly be excited to be part of the regulatory process. With regard to the consultations being transparent and open, if farmers have the voice to help steer and direct the process...because we are, once again, ultimately the ones who are going to be paying for it, whether it be an end point royalty or some type of value capture model.

We do realize that in order to continue to attract the investment and research in Canada that we need, we're going to pay for it, just like under the canola models that we've experienced. We're thankful for the new genetics that we've seen there. In terms of some of the concerns, what comes first, the chicken or the egg? If you're going to be building, paying for an end point royalty to hopefully at some point develop some varieties that might spur on better yields down the road, it's kind of like building a barn first and then having to pay rent for the barn that you built. Certainly I think farmers understand that they will have to pay for technology, but they don't want to have to pay for it twice.

• (1250)

The Chair: Thank you.

We'll now move to Mr. Dreeshen.

Five minutes, please.

Mr. Earl Dreeshen: Thank you very much.

I appreciate all of the comments we've heard here this morning.

There are a couple of things I want to talk about. There has been some discussion on the advance payments program and on some of the other things I've heard today. One of the things I'm looking at and want to talk about is the importance of the advance payment. Last year, as we were going through the difficulties as far as rail transportation was concerned, the basis spread had been moved up because of the fact that grain companies just were not prepared to put any investment in grain that they were going to end up having to store. The advance payment of course became another tool that was able to be used. We've seen that this also changes it to make it even more flexible.

One thing that people have talked about is of course increasing it, pro-rating it from as far as 2006, I believe it was said, but up to \$800,000. I think one of the questions is, how much is it being used? I believe we've had numbers that we've looked at, where from 6% to 10% actually are bumping up against the \$400,000 level.

Of course the other statement, then, is how much should you be exposing on the other end when you have an interest-free amount on the first \$100,000. I think that's kind of another aspect of it. I've heard people suggesting that we double it and make it \$200,000, or \$400,000, but I think people recognize just what the consequences of something like that would be versus having the ability to simply guarantee beyond a certain amount. I guess that's one of the things I would appreciate some comment on.

The other thing is that I look at the canola we've had over the last number of years, going from crops that were 25 or 30 bushels to the acre that are now 60 bushels to the acre, as far as the norm is concerned. People talk about the fact that we don't want to have investment into new varieties, or we're worried about it because someone might be making a profit on it. Well, there are farmers making a profit by being able to get 60 bushels to the acre off of that land versus 30. It's also the reason why the most expensive seed is the seed that is sold out first. I think the argument that says there will be this added cost and it will be difficult for farmers is perhaps not on the mark.

I'm wondering if perhaps you'd talk a little bit about the advance payment and perhaps what the significance would be of moving it up. As well, what can we expect with regard to new varieties, whether it be in the canolas or the barleys or the wheats? And also, what are the opportunities for our own plant breeders then to be able to sell our knowledge throughout the world with this opportunity?

Cam, perhaps you could start on some of that.

Mr. Cam Dahl: I will address the second half of your question. I'll leave it to my farmer friends to comment on the advance payment.

I would just make the comment quickly that everybody in the system needs to make money. That includes farmers, absolutely. If farmers aren't making a profit, then nobody makes a profit, and there are no investments in new research and development. We have to have the regulatory environment in place that allows everybody in the value chain to make a profit. If they don't, if plant breeders aren't making a profit, then the small plant breeders in Canada will go broke. Then the large plant breeders are going to invest in the United States or Australia, and it is our competitors who will get the advantage of the new varieties.

We need to have a regulatory environment that allows everybody in the system to make money. That is the kind of environment that will attract investments into Canada and encourage the development of new companies. Not all of my plant breeder and CropLife members are big organizations. Some of them are pretty small companies. They are strongly supportive of this legislation because it gives them an opportunity for growth and development.

●(1255)

Mr. Humphrey Banack: I'll talk to the advanced payments program.

Farm sizes are growing immensely. Our farm was 2,000 acres at the turn of the century, and we're at over 5,000 acres today. Our plan is to be at 7,500...and 10,000 acres in 10 years.

The advance payments program is a very important part of that operation to maintain the opportunity for us to sell when markets are right, and that's the biggest part of it. Of course, we can borrow the money at the bank. It is much more expensive. It ties our hands much more than the advance payments program does.

The Chair: Thank you very much.

We'll now go to Mr. Eyking for five minutes, please.

Hon. Mark Eyking: Thank you, Chair.

Thank you, folks, for coming.

We Liberals get five minutes, so I'll have to make it short. I have questions for all of you, but I have to keep to a few short ones.

This is a very complicated bill, but it's a good bill, and maybe it should have been here a few years ago. It's going to have an impact on all agriculture. I think that mostly this committee wants to work towards having the right ending here.

Mr. Chorney, I'm going to start with you. You represent a lot of producers in Manitoba. I visited your province last fall, and it's very diverse, with everything from livestock to grains to vegetables—you name it—to processing. So I think you would have a sense of how this bill affects agriculture on the ground. Overall, I have a feeling that your people are very in favour of this bill, or of most of it.

But I'd like to go a little further. I know we talked about the seed rights, and we talked about advance payments, so I don't want to go there, really. There are other parts of this bill that nobody's talking about today. There is a kind of enforcing part, so that bigger fines are incurred by probably farmers and processors. We've had some pushback on that. But there are other parts of the bill, so, Mr. Chorney, I'd like you to tell me, in one minute, what other parts of

this bill you might be concerned about or you like or you might want tweaked.

Mr. Doug Chorney: We actually did a complete review of Bill C-18 preparing for this presentation. Our staff never really actually identified major concerns with any of the other changes or amendments. We know there are a lot of modernization aspects to the other acts that are just bringing them up to date and making them relevant for 2014.

The key things we wanted to focus on were what our members have been talking about. Although our organization is generally speaking in favour of this, I did throw some caution out, as did Mr. Sawyer, about farmer concerns regarding saving seed. That's the reality we're hearing about quite often from a broad range of our members. Manitoba is a unique province in the sense that, when you compare it to the other prairie provinces, we have a tremendous growing season, and we have a lot of diversity in our production, and special crops.

We think that farmers embrace innovation and opportunities when they're given that chance. Doing things like bringing new varieties forward is key for profitability. I look at the way I operate my farm today compared to the way my father would have operated that farm 40 years ago, and it's significantly different. We're much more productive. We're always challenged with environmental issues and market conditions. Those are realities. But certainly farming is changing rapidly, and we have to be continually adapting to opportunities but also to the realities of what the environment presents to us.

Hon. Mark Eyking: You also have a very big processing industry in Manitoba, and I know there are a lot of complaints about temporary foreign workers, and we're not talking about that today. Part of this bill has big fines dealing with food safety. We know the federal government has cut back on a lot of inspectors and has increased the fines. Is that a problem for your federation?

Mr. Doug Chorney: We don't have any policy on the fines for food processors so I'd prefer not to comment.

Hon. Mark Eyking: I have a question for Mr. Banack. I asked the same question to the National Farmers Union because your group is associated with farm organizations from many other countries. What are you hearing from the other countries that you are affiliated with on how these changes have changed their way of farming, on the seed side mostly?

Mr. Humphrey Banack: The Oceanic countries, Australia and New Zealand, went to plant breeders' rights and end point royalties many years ago. They're saying we seem to be missing a huge opportunity with end point royalties. They've developed many farmer-owned plant breeding companies to develop seeds and move theirs forward. Our biggest trading partner right across the border, the United States, has signed on to UPOV 91. They don't have as many end point royalties as the other countries have, but there is flexibility within this law. It does not say that end point royalties will be imposed. It says that it is one opportunity for our plant breeders to retain their return on their investment.

•(1300)

Hon. Mark Eyking: So you see what's in there staying as is. There could be a little tweaking on the terminology, but overall the majority of those changes have to be made for the people you represent to move forward, to be competitive with the rest of the world.

Mr. Humphrey Banack: Absolutely, the development of varieties that deal with this, with drought resistance.... As Doug said, we're coming to the time when we're seeding corn and soybeans in southern Manitoba and southern Alberta. A climate change forum I sat with yesterday talked about how climate change is affecting our producers across this country. We're starting to see fusarium head blight in some of our wheat in Alberta. Fusarium will be a huge issue. The ability for plant breeders to recognize issues and move forward and get return on their investment is critical.

The Chair: Thank you very much.

Now we'll go to Mr. Hoback for five minutes, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Mr. Chair.

Mr. Chorney, you talked a little about fusarium in Manitoba. We know it's been a substantial issue for a number of years. Is it because of lack of plant breeders' rights that you have been unable to get proper research on fusarium in Manitoba? Is this going to help improve that scenario so you can focus on what is required for fusarium in Manitoba?

Mr. Doug Chorney: I think there's a great opportunity here. Manitoba has a relatively small market in the scope of the entire prairie region. We do know our neighbours to the south in the U.S. have had similar experiences with fusarium head blight, and some varieties have been developed through public programs at the universities in the U.S. This year I grew a spring wheat variety on my farm that was developed in North Dakota through an IP program and I had very good results with fusarium tolerance. We've seen progress, and I know that we will have an opportunity to see more of that in the future when we see plant breeders getting an opportunity to recover their investment. The committee has no doubt already heard with cereal crops generally only about 20% of farmers are buying certified seed every year. So about 80% of the seed is saved. A lot of that is going on, and it makes it difficult for a seed developer to recover that cost.

Mr. Randy Hoback: The canola sector might be a better example where we've seen people embrace the certified seed, or buying seed every year because they've seen the yield advantage. I could only dream of the days when I was farming up to 60 bushels of canola and everybody talks about that being common these days. Again, it shows what can happen when you start getting good genetics and good seed varieties. When it comes to the changes to AMPA in Manitoba and the impact on your farmers, now you'll be able to go to one location and do a wheat advance, a barley advance, and a canola advance. How is that going to impact on your farmers?

Mr. Doug Chorney: That concern came up prior to Bill C-18 being introduced. Our members asked for that kind of flexibility, and I know that this is very welcomed by our members. It's going to give producers the opportunity to have one-stop shopping so to speak

with their cash advance and a lot of flexibility. Anything we can do to streamline that program is going to be a positive step.

Mr. Randy Hoback: But there's no question that the program is needed, and no question.... You would probably agree that you'd like to see even bigger numbers somewhere down the road.

Mr. Doug Chorney: Well, yes, if I could just delve a bit into the comment about the lack of people who hit the limits. The challenge is that when we talked to AAFC officials last year, they told us that in fact not all farmers use the cash advance program, and not all of them are hitting the limits. That's true, but what is also true is that the people who do use the program really need it. They make it a key part of their cashflow management system.

The more we can do to allow farmers to use programs like that, the more it will take the pressure off things like AgriStability, where you're going to see potential liabilities for public money. If you can extract profitability from the marketplace, that's a win-win for everybody, every time.

Mr. Randy Hoback: Mr. Sawyer, for the barley commission, again, it would be the same scenario with barley, where they're looking at new feed varieties or new Vault varieties. How do you see the impact of this legislation providing the framework for more development and more research in barley varieties in western Canada or in Canada as a whole?

•(1305)

Mr. Matt Sawyer: Well, it seems very positive. There's a lot of opportunity, as some of my colleagues have mentioned. There has been a switch to other varieties, whether that has been soybeans and expanding soybean acres or whether it's corn acres.

That also puts in an opportunity for barley. We know that the States have backed off some of their varieties of barley as far as malt barley production goes. Speaking for Alberta, I think we produce some of the best quality malt in the world. That's an opportunity, and that will attract investment for different varieties of barley to be produced here. As well, we have the feedlots that use a lot of barley.

Yes, we're excited about the opportunity, and hopefully that will attract more investment here as well.

Mr. Randy Hoback: You've also just highlighted the fact that you're starting to see corn, soybeans, and different types of pulses going further and further north, again because of new genetics and new plant-breeding techniques. I guess that's helpful as far as rotations and the management of wheat cycles and even disease cycles go. Would that not be the case?

Mr. Matt Sawyer: Yes, for sure. It will open the door to more crops being grown or to the ability to grow different types of crops. It's exciting to have that idea and have it moving forward.

The Chair: Thank you, Mr. Hoback.

I'm going to go to Madam Raynault for a little less than five minutes, please.

[Translation]

Ms. Francine Raynault (Joliette, NDP): Thank you, Mr. Chair.

I want to thank the witness for agreeing to stay with us for a few extra minutes.

Mr. Dahl, in your presentation, you said, Bill "C-18 is a positive initiative and I do not want to stray into the negative."

Could you give me a few examples of what you see as the negative aspects of Bill C-18?

[English]

Mr. Cam Dahl: Not of Bill C-18. When I said that I didn't want to dwell on negative aspects, there would be concerns if parliamentarians chose not to adopt these. There are many negative implications of not moving forward with the modernization of our regulatory environment.

Those implications of not moving forward mean that investment will happen in other countries and that farmers in other countries will receive those benefits, not Canadian farmers. The negative aspect of this would be not moving forward. We need to move ahead.

[Translation]

Ms. Francine Raynault: Given how much time I have left, my next question will be for all of you.

Bill C-18 makes changes to nine federal statutes and is meant to improve the agricultural sector's ability to compete and innovate.

How will Bill C-18 encourage competitiveness and innovation in your respective areas?

Perhaps those joining us by videoconference can go first.

[English]

Mr. Doug Chorney: Okay, I can reply.

I think we see Bill C-18 as a modernization of several acts, bringing our country into line with the international convention. Of course, plant breeders' rights have been very much discussed already this morning. I think the key interest farmers have in that subject matter is access to new varieties. I look at my own farm, where I never grew soybeans at all 10 years ago. In the last three years, one third of my farm has been used for soybean production.

Now, this has given me many opportunities not just for profitability but also for reducing my nitrogen fertilizer use. It has given me rotational options away from canola to deal with potential

disease pressure from over-growing canola. Some farms have grown canola, because it's so lucrative, far too often. Now we have an interruption in the cycle, with soybeans as an alternative oilseed crop, reducing our exposure to not just disease but also weed pressure. By using different herbicide systems, we've been able to manage weed resistance. I do other things on my farm, like growing forage seeds, for that same reason.

We're looking at sustainability. That's the name of the game on our farm. My family started farming in Canada in 1903, and I want us to be able to continue farming for many years into the future. It's only through being a good steward of the environment and the land that we're going to be able to do that.

These are things that are going to be facilitated by Bill C-18 for farmers in Manitoba.

● (1310)

The Chair: Mr. Sawyer.

Mr. Matt Sawyer: With the adoption of Bill C-18, the agronomics should improve, attracting more investment in the research of new varieties on the barley side. Also, we're looking at increases in yields and different disease packages that could come with that.

It's good for the farm families to grow larger crops. We've heard we have to compete with corn as an alternate to barley and with feedlots down south. It's good for the livestock sector if we can produce more barley per acre, more bushels per acre.

It really is a win-win for everybody on the agronomic side, and that helps out the environmental side. The more you can produce... Basically, the sky's the limit if you've opened the door to attract new research and investment here in western Canada.

So, it's very good.

The Chair: Good. Thank you, Mr. Sawyer. You're almost right on the five minutes.

I want to thank all of the witnesses again for coming out and for being concise and straightforward in answering questions.

To the committee, we'll adjourn until after the break, and we'll see you then.

Thank you.

The meeting is adjourned.

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