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Chair

Mr. Bev Shipley

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• (1100)

[English]

The Chair (Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC)): Colleagues, as you know, today we're here regarding Standing Order 81(5) and doing the supplementary estimates (B) for 2014-15 in regard to votes 1b, 5b, and 10b under Agriculture and Agri-Food, which were referred to this committee back on November 5.

Colleagues, with us today we are privileged to have the Minister of Agriculture and Agri-Food, the Honourable Gerry Ritz.

Welcome, Minister.

With him are a number of his colleagues from the Department of Agriculture and Agri-Food: Greg Meredith, Andrea Lyon, and Pierre Corriveau.

Welcome to each of you.

As you know, the minister is here for the first hour. The departmental folks are going to stay and will be with us for questions during the second hour also.

Without any further ado, we will move forward. I'll ask the minister to open with a statement, please.

Hon. Gerry Ritz (Minister of Agriculture and Agri-Food): Thank you, Mr. Chair.

It's great to be back at this committee. I'm joined today, as you said, by the deputy minister, Andrea Lyon; Greg Meredith, who is the assistant deputy minister of strategic policy; and Pierre Corriveau, assistant deputy minister of corporate management. This committee continues to do very important work for producers and processors in the broader Canadian agricultural industry as a whole.

We're meeting at a time of tremendous opportunity for our sector. It's estimated that farmers will need to produce 60% more food by 2050 to feed an anticipated population of some nine billion. In China alone the middle class is projected to grow by as many as 35 million people every year over the next decade. That's more than the population of our entire country on an annual growth basis.

Canadian farmers and food processors are well placed to address this growing demand, and the world is knocking at our door. Last year our agricultural exports topped \$50 billion for the first time in our nation's history and they're 14% ahead of that pace this year. A recent study by Farm Credit Canada shows that Canada is now the world's leading agricultural trader per capita. That's a great track record, but we know our competitors are not standing still on global

market access. That's why we're working hard across our great industry, across government, across the world, to keep Canada out in front on world markets. The supplementary estimates you have before you reflect that, with \$4.9 million to CFIA to undertake activities to improve market access for Canadian agricultural products, and another \$2 million to support the establishment of a Canadian beef centre of excellence to showcase our Canadian beef advantage to the world.

We're continuing our aggressive trade agenda. We were in China three weeks ago with the Prime Minister—my third trip this year—and a number of industry leaders. We were able to secure some key market gains, including an agreement finalizing access for Canadian cherries, valued at up to some \$20 million a year; progress on access for Canadian blueberries, valued at \$65 million a year; and a new contract for Canadian canola oil, valued at \$1 billion. This builds on market gains achieved during our China mission in June, valued at some \$400 million by industry members. In fact, our agriculture and food trade with China has increased fivefold since our government took office in 2006. China is one of a number of priority markets identified in collaboration with industry, through the Market Access Secretariat, which takes a holistic approach, bringing all government industry to the table to focus and grow our trade.

Hand in hand with our ground offensive, we have our government's aggressive trade agreement agenda. Since 2006, the government has successfully concluded negotiations on free trade agreements covering no fewer than 38 different countries. As a result, Canada now has trade agreements with more than half of the entire global marketplace, a total of 43 countries, while continuing to protect the pillars of our supply management system. The historic trade agreement with Europe will open the doors to the world's single largest market for food and food stuffs, boosting our agriculture and food trade by an estimated \$1.5 billion per year. The agreement we signed with Korea, which is now reaching final agreement in the Senate, levels the playing field with our competitors and gives Canada its first ever foothold in the Asia-Pacific region.

Of course, if we are able to serve these markets, we need a predictable and reliable supply chain here at home. That's why, when the grain backed up last winter, we moved quickly with an order in council mandating minimum volumes for CN and CP, and with Bill C-30 to strengthen accountability information sharing throughout the system. I want to thank this committee for its hard work in moving Bill C-30 forward while ensuring we had a fulsome debate.

The Fair Rail for Grain Farmers Act puts into law clear and achievable solutions for the short term to ensure Canadian shippers have access to a world-class logistics system that gets Canada's agricultural products and other commodities to market in a predictable and timely way. Grain is moving. Exports are up some 25% over last year, and 32% over the five-year average. Deliveries using producer cars are also at all-time highs. As for the minimum volume requirements, we've said all along that the order in council will be there as long as it is needed. Our government will be making an announcement on any future requirements very soon, so stay tuned.

At the same time, we continue to work to ensure our logistics system is strong for the long haul. We accelerated the review of the Canada Transportation Act by a full year to focus on long-term structural issues affecting all rail transport including grains. The CTA review panel has been very busy through the fall meeting with a number of stakeholders to get a clear picture of the challenges facing the western Canadian grain handling and transportation system. A discussion paper was released in September, and we are encouraging industry to vet their thoughts by the end of this calendar year. We'll continue to work with Transport Canada and the whole value chain to manage future challenges, and create a rail supply chain that has greater capacity, predictability and accountability for the industry, and most importantly, for our global customers.

•(1105)

Transportation is one piece of this government's plan to modernize Canada's grain sector to stay in line with emerging 21st century realities. We're now working to build on reforms passed in 2012 to the Canada Grain Act as part of our commitment to marketing freedom.

We're also encouraged to see that the Canadian Wheat Board remains a viable and voluntary option for farmers who choose to use it as their marketing tool. The CWB is leading the process toward its own commercialization. The act requires the CWB to submit a plan to government, and we're certainly encouraged to see that they have actively moved forward to become a private, independent organization that can meet farmers' needs in this competitive sector. A viable and voluntary CWB, along with our aggressive trade and innovation agenda, will mean a stronger farm gate and a rich harvest for Canada's economy.

The other key to competitiveness is, of course, innovation. Farmers must have the latest tools to compete in the global marketplace. That's why we're updating plant breeders' rights under Bill C-18. The agricultural growth act will strengthen intellectual property rights for plant breeders so Canada can catch up with the rest of our competitors. This is supported by every relevant farm group across Canada. Aligning our regulations will not only level the playing field for our producers but it's also expected to encourage

foreign breeders to release their varieties in Canada. This will give our farmers access to new varieties that their competitors are already using.

Entrenched in Bill C-18 is, of course, the right for farmers to save, clean, and use seed for their own operations.

Finally, Mr. Chair, innovation takes investment, and that is reflected in these investments, with the allocation of a further \$41.7 million for Growing Forward 2 cost-shared initiatives including innovation. Growing Forward 2, which is now hitting its mid-season stride, is backed by a 41% increase in funding on science and innovation throughout the agricultural sector. That's helped us almost double our support of the industry-led research clusters to some \$125 million and to add four new clusters. At the same time, our business risk programs are there to backstop producers such as Manitoba livestock producers suffering feed shortages following another extremely wet growing season.

As always, expenditures are driven by demand. Business risk management programs can fluctuate depending on the needs of Canadian producers. This fluctuation will impact our spending numbers, which will be lower if demand for the BRM programs is lower.

To close, Mr. Chair, as does this committee, I remain very optimistic about the future for agriculture. Canadian farm cash receipts totalled almost \$42 billion for the first three quarters of this year, which is an increase of almost 3% over the same period last year.

The long-term fundamentals of the industry are good with growing populations and incomes and great products to sell.

I look forward to working with you as we drive new opportunities for our industry and new growth for our economy.

Thank you, Mr. Chair. I look forward to any questions or comments.

The Chair: Thank you very much, Minister.

With that, colleagues, we'll start our rounds with Madam Brosseau.

Go ahead for five minutes, please.

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

[*Translation*]

Thank you for your statement, Minister. We greatly appreciate your presence here today.

I also want to thank you for having voted in favour of my motion M-496.

I would like to know when you are going to share the details with dairy producers everywhere in Canada, so as to reassure them and let them know we are not going to let them down. During the last recess week, with Minister Bernier and member of Parliament Mr. Gourde, I had the opportunity to take part in a round table regarding compensation for Quebec dairy and cheese producers. I would like to know when you might be ready to show us the details of a compensation plan for the dairy sector.

• (1110)

[English]

Hon. Gerry Ritz: While I understand your question and your concern, Ms. Brosseau, I'm a little puzzled by the timeliness. Certainly producers and processors know for certain that this government will be there to backstop them should there be any negativity around the CETA agreement that we have now signed off on.

We have an almost seven-year transition period in that timeframe to work out the details to make sure that processors and producers are well equipped to handle any potential negativity that may come their way. At the same time, they have unlimited access into the European market, and I know from the events that happened around the SIAL food show in Paris just a couple of weeks ago, the industry was well represented with some great cheeses produced in Quebec and other points in Canada. They received awards. They continue to make great inroads into that marketplace.

It's a bit of a balancing act. It's one of those situations in which there is no negativity at this point. There is nothing for us to offer up cash for at this point, but certainly we're working with the industry overall. I work with Dairy Farmers of Canada as well as with the processors to ascertain the best way forward to keep the industry strong.

[Translation]

Ms. Ruth Ellen Brosseau: Thank you.

I have a slightly more complex question regarding a matter of high importance to the Quebec agri-food industry.

The Fondation des entreprises en recrutement de la main-d'oeuvre étrangère, FERME, held a press conference where we learned that losses for 2014 have been assessed at \$53.7 million. These losses are due to fruit and vegetables not being harvested by temporary foreign workers. This is jeopardizing our agricultural enterprises.

I also had the opportunity to meet with several producers from my riding who stressed the fact that the federal government changed the requirements for the Temporary Foreign Workers Program right in peak season.

That organization is attempting to meet with various federal government representatives so that they have some confidence in what to expect next year. Their representatives feel that it will still be difficult in 2015 to have access to temporary foreign workers who will work in the fields, on the farms.

I would like to know whether you would be willing to meet the director general of the FERME group, Mr. Hamel. Losses of \$53 million are painful! I would like to hear what you have to say about a potential meeting with Mr. Hamel.

[English]

Hon. Gerry Ritz: I am always happy to meet with any farm organization across Canada regarding issues.

I'm puzzled by the fact that there are absolutely no changes to the temporary foreign worker parameters or the ability to obtain those workers, because primary agriculture is not affected by any of the changes that have been brought forward at this point. I'm a little puzzled by the fact that they would have losses because they couldn't get workers. I don't know what their point would be, but I'm happy to meet with the president.

[Translation]

Ms. Ruth Ellen Brosseau: That is why it is important that that meeting take place. It is clear that the last-minute changes really prevented farmers from hiring workers from Guatemala and Mexico. This would be a very useful meeting, one that would allow participants to tell you more about the problems they overcame this year.

I would like to ask another question. Do I have time?

[English]

The Chair: Unfortunately, no.

Thank you, Madame Brosseau.

Mr. Lemieux, you have five minutes.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thanks, Mr. Chair, and thank you, Minister, for being here. I thank you for your opening remarks.

Certainly, one of the things I took away from your opening remarks was that it's an exciting time for agriculture, particularly in terms of science and innovation, Bill C-18, as well as trade, with our upcoming trade agreements.

Let me first ask about innovation and science. In reviewing the estimates, I noticed that there's going to be an additional 30 million dollars' worth of funding, which will bring a total of \$549 million for science and innovation. I noticed that the industry capacity fund is going to increase to \$78 million. I noticed that market access initiatives are going to increase to \$223 million.

We're going to see increases, because of the estimates that are in front of committee right now, in those three areas. Just a quick cigarette-pack calculation, this is close to three-quarters of a billion dollars in improving the competitiveness of our farmers to both compete in Canada and sell abroad. On top of that, we have, of course, Bill C-18, which just passed through the House.

Could the minister explain to the committee the importance of the increase in funding that we're talking about here through the estimates, and also the importance of science and innovation, and the government's focus on science and innovation in making the agricultural sector more competitive, particularly at the farm gate?

•(1115)

Hon. Gerry Ritz: The easiest way to explain that, Mr. Lemieux, would be: build it and they will come. Canada is well recognized around the world in emerging markets, as well as some of our primary markets like the U.S., for the safety and sustainability of our farm products.

We also have a great story to tell when it comes to our environmental footprint. I know in my own farming experiences, with the land that I've farmed with my brother and that my nephew is now farming—it's the same land, the same acreage—he's now pulling in at least a 40% gain, if not double the crop production, that we were 10 to 20 years ago simply by a lot of assessment work done on the ground as to what trace elements are required. Now it's a lot more finesse in seeding.

Crop rotations are a big part of that, but making sure that the copper, the sulphur, the manganese, the trace elements are addressed. I mean, we used to look at 35 bushels an acre of canola as a really good crop. He's now in that 55 to 60 bushel range, doing exactly the same things with those trace elements, the timing of crop rotations, and so on. That's what a lot of the innovation is about. We don't have extra land, but we certainly have the ability to gain more from that land and still continue with that lighter environmental footprint.

We know we're able to produce it and we know there's a hungry market out there. As I've said, China is growing by the population of Canada every year in the middle class. As I often say, if everyone in the middle class in China had a bacon cheeseburger and a beer once a month, we couldn't supply it as a country. That's the size and scope of what's going to be required.

Our latest venture to China...a brand new group out of Toronto has connected the dots with distributors in China, another billion dollars' worth of canola. That's half of our market access into China is canola oils, so this adds to the success of those type of ventures.

To make that all happen we've embedded agricultural people, CFIA people, in emerging markets like China, around the world. We've just added another number of trade centres in China to get us further out from the Beijing-Shanghai-Guangzhou triangle. It's all very important work and it's paying dividends.

Mr. Pierre Lemieux: Thank you, Minister. You've certainly convinced me on the importance of science and innovation. I hope you've convinced the opposition MPs to support the estimates and the increased funding for science and innovation.

Let me raise one other issue in the few minutes that I have left, Minister, and that is the Canada-Europe trade agreement. I think this is an exciting opportunity for agriculture. I think it's absolutely germane that you comment on it because the House has sent our report, an excellent report, back to committee and asked them to consider an amendment to the report to make it even better and send it back to the House, which we're going to be doing in the next few meetings.

Minister, I'm wondering if you could elaborate to the committee on the opportunities you see CETA offering our Canadian farmers and the benefits that they would accrue through this important trade agreement.

Hon. Gerry Ritz: The whole European theatre is one of the largest consumer food buying groups in the world, with some 500 million people. With the completion of that free trade agreement, coupled with NAFTA with the U.S. and so on, it gives us access to half of the growth in food demand in the world. We're quite happy with that.

Europe is an opportunity for a lot of our processors to have access to high-end goods. This is not just a hamburger operation over there. They're looking for the better cuts in our pork and in our beef. They're losing the capacity to supply their own people, as land goes under pavement, and as their urban centres grow. We have the capacity here, the unlimited amount of land and fresh water, and of course the innovation and ability of our farmers to produce.

They're happy with the agreement, as are we. You know you're always going to see the naysayers get the ink in the press, but at the end of the day all of my contacts that I've developed over the past five years as we've worked this through are extremely happy with being able to have this agreement with Canada.

•(1120)

The Chair: Thank you very much Minister.

Now we will move to Mr. Easter. You have five minutes, please.

Hon. Wayne Easter (Malpeque, Lib.): I'm probably not as easy to convince as the parliamentary secretary.

In any event, Mr. Chair, just on the temporary foreign worker program, and I know this is not your jurisdiction, Minister, but I just will point out to you a problem there is, I think, in a number of areas. It was raised by a member from the NDP.

Yes, it's true that agriculture workers are protected, but those who are in the plant are not. As an example, you mentioned blueberries opening up in China, and that is a good thing. We will congratulate you on that.

On the blueberry operation in P.E.I., the workers who are in the field are protected, but the ones who are in the plant are not. I believe in that operation somewhere around 60% of the workers are temporary foreign workers, so it is a problem on the processing side. It's not your area. It's another minister's area, but you should be aware of it because it is a problem and it could affect the ability to get the product through and shipped. I'm not asking a question on that, I'm just pointing out that it is a very serious concern, and it's a concern in the beef industry as well, which you would know of in some of the plants in Alberta.

Hon. Gerry Ritz: Right.

Hon. Wayne Easter: As you know as well, on October 1, the U.S. protection we had for the fruit and vegetable industry under U.S. law with respect to bankruptcy risk—

Hon. Gerry Ritz: The PACA provision.

Hon. Wayne Easter: Yes. That's not there now. Industry has asked for, I think, they called it a Canadian perishable commodities act. Where do you sit on that? I know there have been discussions. They are insisting it has to be a perishable commodities act. Why is the government not looking at it? If you are, when can we see it?

Hon. Gerry Ritz: Just on the temporary foreign workers, you're right to point out that the choke point is processing. I absolutely agree with you on that.

I know there's some work being done by two of my colleagues, Jason Kenney and Chris Alexander, with the provinces in order to work on the express entry and provincial nominee programs, to bring in the skill sets required for those. The problem is that there's never been a definition beyond "agricultural worker", the guy that picks or the guy with the fork. We're working on that to partner with the provinces as to how we bring people in for those skill-set agricultural jobs in processing, and not through the revolving door that the temporary foreign worker program was. They're buoyed by that, and I know there's some work being done on that.

On the PACA issue, as you will know, it's not an agricultural issue. The horticulture industry certainly is us, but the actual issue is industry and finance, at the end of the day. I know there are discussions going on and a report that's just coming in—it's imminent—on the bankruptcy act and how this type of thing could be put in play so that perishable goods could have that first right.

There are discussions going on with provinces as to what changes would need to be made at the provincial level, as well as what umbrella would be needed at the federal level in order to recapture that. One of the things that would be quite easy to do, which the industry seems to not respond well to, is a check-off on product going out and product coming in from the U.S. that could be put and matched with government funding to create a pool.

The PACA is a great backstop, but it's not well used. It triggered some \$7 million over the last five years, and of course, we're doing a couple of billion dollars a year in trade. When you look at \$10 billion or \$12 billion in trade, and \$7 million is what was required, certainly a check-off administered by the Farm Products Council or something like that could be part of the solution quicker than some of the legislative changes that are needed. But we're looking at it all.

Hon. Wayne Easter: I think the industry, though, is not in favour of the check-off. They've told me that very clearly. They do favour a perishable commodities act.

I met with the Ontario section of the Canadian Cattlemen's Association, and they're quite frustrated with your government's cut to AgriStability and AgriInvest. They're worried when AgriStability will be needed it will not meet the needs of the Ontario cattle industry. That's one thing you can respond to.

Secondly—

•(1125)

The Chair: You're only going to get one, because your time is up, so I'll ask the minister to respond, please.

Hon. Wayne Easter: —where are you at on production insurance?

Hon. Gerry Ritz: Are you talking RMP?

Hon. Wayne Easter: Yes.

Hon. Gerry Ritz: Let me start with RMP. We've always been very clear we're not going to fund at a federal level anything new like RMP, because it's countervailable. The national cattlemen's association actually has come out with very good statements—and I can get those for you—saying, don't do this, it's going to lead to countervail, especially with the U.S. looking for a pushback on COOL.

When it comes to the Ontario livestock, I had the same meeting with Dan Darling and his guys. The problem isn't with us and the changes at AgriStability. Everybody told us for years that this is not bankable, it's not predictable, and to do something better, so we did. We made some changes to AgriStability to allow us to bring forward an insurance program for livestock, and Ontario has not picked that up. That's the problem. If they want to actually do some lobbying, it would probably be best directed at the Ontario government, which has not implemented the livestock insurance side of it and which of course would give them that bankability and predictability that they're looking for.

The Chair: Thank you very much, Minister, and Mr. Easter.

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

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much, Mr. Chair.

Thank you, Minister, for being here.

I have just a quick comment on CETA. As we had spoken before, I thank you, as well as Minister Fast and the Prime Minister for getting this off the ground and making sure that it's working well. I did have an opportunity to travel this summer to London with the minister and the Prime Minister, and we had an opportunity to speak with producers, manufacturers, and distributors, and to see how excited they are about this agreement. They're eagerly awaiting when this is going to come into effect. I know that farmers in my riding, as well, are certainly looking forward to these new opportunities.

In the supplementals, of course, we are talking about the Canadian Wheat Board. Part of this, Minister, as we talk about this, involves the transition costs of \$3 million as it becomes a voluntary grain-marketing organization. Of course, this is very consistent with the approach you took to this committee a few years ago to front-end load the transition costs for the Canadian Wheat Board in these first couple of years of marketing freedom and to reduce expenditures.

Again, as a farmer, I know from our own family, my father had freedom wheat that he planted when he first started farming, and it was not his after that crop came off. It was certainly something special to be able to see this transition. But we're seeing the Canadian Wheat Board purchasing physical assets, such as grain terminals throughout Canada, and it's increasing its capacity to remain a vibrant marketing option to farmers. All in all, the transition of the Canadian Wheat Board to a private market has been very positive. It's working well, despite what some of the naysayers have said.

So, Minister, I'm just wondering if you could comment and inform the committee on how the transition of the Canadian Wheat Board to the open market is working out for farmers, as our government had promised farmers that it would.

Hon. Gerry Ritz: The pivot point came in December of 2011 when we passed a piece of legislation allowing this to happen at the beginning of the crop year in 2012. Since that time the new CWB has aggressively pursued market share in western Canada as well as the rest of Canada. It has purchased facilities to give it port access in Thunder Bay. It continues to work towards a growing footprint across western Canada with four new builds slated this year—the concrete is up for one and the other one will be started in the spring. As it moves to commercialize what it has and its ability, the Rolodex that it has, and so on, this is not a privatization as much as it's a capitalization. It is looking for a working partner. The list is now short as it works with a few entities that will have the capacity to partner with it and increase its footprint.

The problem we had initially was that the assets, or supposed assets, of the old single-desk board were heavily leveraged, as you will know if you go back through a compilation of... This is one of the final pieces, this \$3 million transferred to the board itself to get them back to a point of zero, where they had the ability to grow their footprint. Other than that, they were heavily indebted, building the railcars. Even the boats they had ordered weren't paid for. There was a deposit that had long been eaten up, so there was a need to make sure that the pension was secure and the payouts were there for people. The building was brought back to zero. All those types of things needed to be done in order for the Wheat Board to survive.

I know we're facing a couple of lawsuits where supposedly these assets were garnered, but anyone who's honest and from the old board of directors who knew the financial status of the board, would have to recognize the fact that there was no asset. It was all heavily leveraged. As the board sought to commercialize, it needed some help to get back to zero so it had a vibrancy, the ability to move forward. We've done that as a government. We're happy to do that. We see it out there as a viable alternative, as it continues to grow.

● (1130)

Mr. Earl Dreeshen: Just quickly then, as far as the department is concerned, it's been well managed and you're adhering to a tight budget, but you're also making sure that taxpayers' dollars are being spent properly.

Could you maybe comment on reinvestment of royalties from intellectual property? I know that's one of the items we have in the supplementary estimates. We're seeking access to \$7.6 million in vote 1. I wonder if you could make a quick comment on that and perhaps some of my colleagues will....

Hon. Gerry Ritz: Well I would defer to some of the experts on that, but I can tell you that in the last short time, this government, department by department, has been refocusing and re-energizing. Of course, agriculture is not immune. As we grow, we also have to refocus our efforts. Our efforts have been working with industry on research, on results-based research, not just research for the sake of research. We want to make sure we're delivering what industry is wanting for.

To that end, Bill C-18 is very timely, very important to continue to build what industry is needing to compete with other marketing countries around the world. We have streamlined our operations and our organizations to the point where everything is now focused on getting market access, maintaining those trade corridors, and developing the products. One of the initiatives we've undertaken, which is talked about in there too, is the centre of excellence for beef in Calgary. It's very important that we start to recognize and analyze so that we sell what an import country wants, not what we have. We have to learn to recut our beef, to recut our pork, to blend our grains, and so on like that, and offer what is being asked for, not just what we grow and have.

The Chair: Thank you very much, Mr. Dreeshen and Mr. Minister.

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

Mr. Malcolm Allen (Welland, NDP): Thank you very much, Mr. Chair.

Thank you, Minister, for being here. It's always a joy to be with you, but....

I would never suggest to use the "but" word. I try to sit on mine.

The temporary foreign worker program has been talked about on the processing side of things. I'm sure you've had the same meetings with the same people I have had. I understand it's not wholly your program. The agricultural sector worker program in my neck of the woods, as you well know, has been in existence for a long time in the tender fruit industry and the wine industry. It doesn't look the same as a caregiver program. I can tell you from personal experience that my father brought his family to this country because he got landed citizenship to bring a set of skills he had to build ships in this country, but for this particular program, temporary foreign workers in the agricultural sector—if we can loosely term it that way—don't get that same privilege.

I would suggest, sir, that perhaps one of the things you can take back to your colleagues is that they ought to look at the 1960s.

You know, going back to the future sometimes means going back to the past, because that's how people brought skills to this country, including my father and his family, which included me, and that actually enabled folks to come here. We showed up on these shores with a lovely little blue card that said we were landed immigrants, which gave us certain rights and privileges and obviously obligations. We were thankful for that, by the way, at the time.

Perhaps we should look to that program again when it comes to the processing sector. Many of the sector members I've spoken to, including the Canadian Meat Council, have said to me that's what they'd rather see, because they're in a cycle of retraining over and over again, even if the program works. Every two years, they're out and there are new ones, and that just doesn't make any sense I think. So maybe...that's just a suggestion.

So there was my “but”.

Hon. Gerry Ritz: Do you want me to respond to that?

Mr. Malcolm Allen: Sure. Go ahead.

Hon. Gerry Ritz: You actually make the point that the temporary foreign worker system is a revolving door and it's not serving industry right. That's one of the reasons that changes are imminent. For the agricultural low-skilled side.... There are three separate entry points for temporary foreign workers, as well as the express entry points for the provinces and provincial nominee programs in which you can pick up skills. Your father came with shipbuilding skills. Those are still out there and still available.

Now we've actually changed the queue so that the province of record can go into those 800,000 names that the Liberal legacy left us and they can pick out welders and pull them to the front of the queue. We used to have to take them in order, but we made changes so that's no longer the premise.

We're in negotiations with the provinces now as to how we expand—and I'm talking numbers of people—on the express entry and on the provincial nominee programs in order for the provinces to recognize what they need and to bring those people in. It's less prescriptive and it's far less arbitrary than it was before. In the mid-term and long-term, you'll end up with exactly what you're asking for. But to begin to make the changes, you have to stop doing what you're doing.

That was the beginning of the changes to the temporary foreign worker program. The low-skilled numbers have been held for

agriculture. We've added a couple of other entries to what we consider low-skilled. At the same time, we're working with the provinces to develop the skill sets that will be required for the agricultural industry going forward, because agriculture today is not what it was five years ago, 10 years ago, or 20 years ago.

•(1135)

Mr. Malcolm Allen: I think we would all agree to that. The only difficulty you'll face, quite frankly, you and the provinces—I don't mean you specifically, but your government—is that if you go back and read the chapter from the Auditor General's report of the spring on statistics and Statistics Canada, you find out you don't actually know the information. The Auditor General is quite clear. You have no idea whereabouts these jobs are, what the needs are, and that came from Statistics Canada.

Hon. Gerry Ritz: Well, that's the partnership with the provinces. The Auditor General looks at the federal only. He doesn't look at the oversight into the provinces. They're the ones. They're the thermometers—

Mr. Malcolm Allen: Mr. Minister, I am simply telling you what the Auditor General's report said.

Hon. Gerry Ritz: Yes.

Mr. Malcolm Allen: I'm not giving you Malcolm Allen's opinion.

Hon. Gerry Ritz: Okay.

Mr. Malcolm Allen: I'm suggesting to you that your department should go back and read the Auditor General's report of the spring on Statistics Canada, which is Canadian statistics. The bottom line is that nobody really knows for sure where they are. It's pretty hard to match them if you don't know where they are. You just know they're here somewhere.

But we'll leave that as it may. Let's go back to a year ago. According to the weather forecaster, it's going to be colder this year than last year, they say, on average across this country.

Hon. Gerry Ritz: Really?

Mr. Malcolm Allen: That's the latest forecast.

Hon. Gerry Ritz: *Farmers' Almanac* says warmer but more snow.

Mr. Malcolm Allen: Well, there you go. It depends which one you want to believe. I'm not sure who's more believable—

Hon. Gerry Ritz: I tend to go with *Farmers' Almanac*.

Mr. Malcolm Allen: —this government or the weatherman, but I have my choices some days as to which one I want to take.

The bottom line is that if indeed it is as cold, not necessarily colder but as cold as last year, the plans in place to deal with what happened last year.... Now, we don't have the bumper crop, agreed, but we still have a leftover one. We know what happened last year, so I have two questions.

One, is there a plan in place for that? As well, there were indications earlier on, months ago now, that the rail companies were being fined. It seems to have disappeared. Is that still an ongoing issue? Is the fine applied? Has it been levied? Or has it all just been absolved because, well, maybe we shouldn't have fined them in the first place?

The Chair: Mr. Allen's time is up, so I will ask for a short answer, please.

Hon. Gerry Ritz: Oh, there is no short answer to this.

Yes, there is a plan going forward. The existing one takes effect until midnight, November 29. There is another plan in the works to carry on from that.

When it comes to what happened last year, of course everyone was caught off guard. You know that the railways blamed the severity of the winter. Everybody works with winter. It comes around all the time in Canada, so we don't buy that excuse. No one really does, including the railways.

They are going to have to pick up their game, no doubt, not just on grain but on other commodities as well. That's part of the work that needs to be done. There's a lot more collaboration between shippers and rails. The rails have to get it out of their heads that they are the ones in control of the logistics. They are not. They are a valuable link in it, but they are only one link.

The Chair: Thank you very much, Minister.

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

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

Thank you, Minister, for being here this morning.

Minister Ritz, you've been very aggressively promoting Canadian goods abroad. We thank you for that, our beef producers especially. I've had them come through my office quite regularly, and they are really complimenting you on the work you've done. I want to pass that on to you, because it's made a world of difference. I think you can just imagine what it was like, not three or four years ago, when somebody would mention the words "bred cow" and they would all run away because nobody wanted anything to do with them. Today if you say "steer" everybody is running to it.

Can you just give us an update on the beef sector in relationship to COOL and let the committee know where that's at right now?

Hon. Gerry Ritz: The next step.... Of course, we have won all three challenges at the WTO and the appeals that the Americans have brought forward. My gut feeling is that they will appeal again, simply because they'll ride this to the bottom. They'll go as far as they can with it. That would be unfortunate, because it just delays the inevitable at the end of the day.

The WTO is meeting again on November 28, and I understand this will be an agenda item. The Americans wanted it pushed off until January or February; we've held it to this meeting. They may ask for a week or 10 days to get their papers in order. I'm hopeful that we can keep the pressure on them.

Everybody recognizes now that this is a political fix to a problem that really doesn't exist. American consumers have the ability now to know where their product is coming from. If somebody wants to

address it and say "Product of the U.S.", they can. It doesn't have to have a full passport attached to it that shows it was raised here, born there, moved there, and all that, because of the integration of the North American market.

The harm we have seen on the Canadian side is mirrored on the American side as well, and the American administration tends to look the other way and try not to see what's happening. But three major plants have closed and three more are on life support, simply because they do not have the capacity, without the economies of scale of Canadian and Mexican product moving down there.

When you talk to guys like Roger Johnson, who was the head of the NFU down there and is now an adviser to Tom Vilsack, it appears that the whole purpose of this was to save the small farm. Well, it hasn't, not at all. It is ridiculous policy, very bad policy.

There's a growing agreement that they have to do something about this. Secretary Vilsack is now saying he's working within the letter of the law. Well, you're the administration; change the damn law. He's asking for time to negotiate. There's no negotiation. All I want to talk about is how soon they're going to fix this, because we're not going to see this hurt continue.

We still rely on the Americans for some 70% of our processing capacity. It's very valuable to us, and the processing sector down there needs it. We've seen Tyson stop buying Canadian cattle simply because of the way they have to be segregated and discriminated against, and that's the very argument we keep winning at the WTO.

We'll keep the pressure on. We have a very vibrant list of retaliatory measures. We hate to do it, but I'll tell you, at the end of the day we're not polite Canadians; we are proud Canadians who want to see this fixed. We'll continue to underscore how this is harmful on both sides of the border and does not serve anyone at any time.

The retail councils, the wholesalers, the processors, the ranchers, and the vast majority, for the most part, in the U.S. are with us on this. They've taken their own government to court, working with our industry in that regard. They lost the initial suit and they're going back with an appeal. This time around they have more than 100 congressmen and senators signing on to that appeal, asking the administration to fix it. It can't be ignored much longer.

● (1140)

Mr. Randy Hoback: Do you think there's anything this committee can do to help you in regard to this? About a year or two ago, we travelled down to Washington and had meetings. Is that something that is helpful?

Hon. Gerry Ritz: I think that would be helpful again. We're just waiting now to see the structure after the mid-terms. The Republicans will now be chairing the committees and so on, not Democrats anymore. Senator Stabenow might be the ranking Democrat on the agriculture committee, but she will not be the chair. So we're waiting to see the structure of that. Then, meeting with your counterparts probably would not be a bad thing.

Mr. Randy Hoback: Of course, that's all contingent on the NDP's actually allowing the committee to do its work and travel—

Hon. Gerry Ritz: I thought that was fixed.

Mr. Randy Hoback: Well, I'll leave that with the NDP at this point in time.

Minister, the other thing is that when you were abroad... I'll go back to the fact that you went into a lot of markets and got rid of a lot of various cuts that Canadians did not necessarily want to eat. What impact does that have on the—?

Hon. Gerry Ritz: That's the great thing about all of the markets we're in. The Europeans are looking for the high-end cuts. Of course, we eat those domestically as well. It has always been the second- and third-tier cuts that we've had a problem moving. Much of it was going as trim to the U.S. to be ground into hamburger. Now much of it is being diverted to the Pacific Rim—to Korea, Japan, China, and so on—for hot pot. They'll take many cuts that, as I said, were going down as hamburger trim for very little money and are now going as AA beef into the hot pot over there. It has made a difference of a couple of hundred dollars per animal. It's keeping everybody else honest when they're bidding on our animals.

We're paying a little more over the counter here than we ever did before, but still less than 12% of your disposable income is going to the food basket. Europeans pay in the 30% range and so on. It's still a good value when you look at the quality we have and the consistency.

We've done a number of cooking demonstrations throughout China. They just love our beef. They love the grain-fed part of it. I sat down in an interview with some agricultural magazines' writers when I was in Guangzhou, I think it was, the last time. We had done a cook for them on some steak, and they all tried it and just loved it. It's a better quality of beef. I was explaining to them that what they've been buying from the rest of the world—Australia, predominantly—is grass fed. These animals are 44 to 45 months old. I said it's hard to put on weight when you're eating salad all the time, and that's basically what grass-fed animals do.

Some hon. members: Oh, oh!

Hon. Gerry Ritz: No, that's no slam on vegetarians.

But when you top it up with good barley you get a sweeter meat, a better-marbled meat, and that's exactly what they're looking for.

They view short ribs as a luxury, and of course here nobody eats a lot of beef short rib, so there were tremendous opportunities to market a lot of that.

The Chair: Thank you, Minister.

I will now move to Mr. Bevington, for five minutes, please.

Mr. Dennis Bevington (Northwest Territories, NDP): Thanks, Mr. Minister. I'm very pleased to be here. I think over the nine years, this is the only time I've ever really had a comment on agriculture in Parliament.

• (1145)

Hon. Gerry Ritz: Welcome.

Everybody should have a comment on agriculture; we all like to eat.

Mr. Dennis Bevington: Exactly, and certainly in the Northwest Territories we're moving towards more agriculture, and that's rather fun.

Hon. Gerry Ritz: We're happy to support that.

Mr. Dennis Bevington: Good.

I know the research has to be done, but I want to talk a little about climate change. Living in the region of the country where the largest increase in temperature is, I understand climate change. I understand weather patterns. These things are happening right now across North America. They're affecting agriculture, especially the larger-component agriculture businesses.

What efforts is the Canadian government making right now to understand the impact of climate change on our agricultural industry?

Hon. Gerry Ritz: One of the most important things we're doing, Mr. Bevington, is passing bills such as Bill C-18 to make sure that farmers have access to the new varieties, which will be shorter in growing season, more drought tolerant or flood tolerant, and so on. It's very important that we have access to those new varieties sooner rather than later so that we can adapt to climate change.

As I said earlier, agriculture in Canada has a very good story to tell. When it comes to adaptation, when it comes to a lighter environmental footprint, we're not part of the cause; we're part of the cure.

We tend to sequester CO₂ in our crop rotations far more than anybody else. Canada is 2% of the global problem. When you measure the slipstream coming in, we actually, because of our reforestation and our crop rotations and so on, have cleaned some of the slipstream coming across from China and elsewhere.

Mr. Dennis Bevington: There are a couple of troubling things in your department, though. One is that I did a question on the order paper about renewable energy, and it seems you have completely left that field. There is no investment from Agriculture Canada in renewable energy. In 2013 it amounted to \$9,000. Peer-reviewed publications in agri-environment research have dropped from 100 down to 34 papers. These are two areas that—

Hon. Gerry Ritz: I think the quality of the papers outweighs the quantity.

Mr. Dennis Bevington: How about the investment in renewable energy for the agricultural field? What's happening there?

Hon. Gerry Ritz: We made those investments, and now the industry itself is picking it up. We have a growing ethanol industry. We have a growing biofuels industry. One of the larger canola crush facilities in my country has added another arm to do biodiesel. There's a lot of that work going on.

We're working with Mustard 21 on new lubricants. We're working on a number of fronts to make use of some of the offshoot products from grains. We have composites being made. We have a number of different things. They're not necessarily fuels, but they're actually growing in value.

Mr. Dennis Bevington: There's no money at all. That's a bit of a problem, isn't it? Where's the investment in, say, solar energy that can be used in the agricultural industry?

Hon. Gerry Ritz: It doesn't have to be Agriculture that does that. It can be Industry Canada or other aspects of the government. You have to look at the whole of government, not just one department.

Mr. Dennis Bevington: How about the reduction of CO₂ emissions from the agriculture industry?

Hon. Gerry Ritz: Well, we have it. As I said, we're a carbon sink.

Mr. Dennis Bevington: But there's no investment going into it.

Hon. Gerry Ritz: There are ongoing investments all the time. We do research with the clusters. We have one with the grain growers to make use of crop rotations, and so on, to do exactly what you're talking about. It's the new, emerging growth that sequesters carbon in those crop rotations. We actually have a very good story to tell.

Mr. Dennis Bevington: But when it comes to investment, where's the money?

Hon. Gerry Ritz: Those investments have been made. Now we're reaping the benefits of some of the investments.

Mr. Dennis Bevington: So you think that—

Hon. Gerry Ritz: There's more work to be done, but industry is working with us on the next steps.

Mr. Dennis Bevington: How far along the road towards the 17% reduction in CO₂ emissions from the agriculture industry are we?

Hon. Gerry Ritz: Oh, we're in good shape in the agricultural sector. As I said, we're a carbon sink. We have equipment that is far more energy-efficient than it ever was before. We're not tilling the land as we used to. We don't plough anything anymore; everything goes into standing crop. We're capturing moisture. We're using far less fertilizer than we ever did before. As I said, it's all about trace elements now. It's not about 150 pounds of N going in; it's about 50 pounds of N plus the trace elements.

There's a tremendous amount of work being done by government, backstopped by industry or vice versa, to lead us to a far better environmental footprint. We have a great story to tell. There's far less water being used—

Mr. Dennis Bevington: Why has the investment in renewable energy stopped?

Hon. Gerry Ritz: It hasn't stopped; it's done in a different way. I'll give you a breakdown through the clusters.

Mr. Dennis Bevington: Well, I asked the department to list the investments in renewable energy, and they came up with \$9,000 last year.

Hon. Gerry Ritz: Well, it depends on how you ask the question. We'll go back to take a look at your question. If you want a government response as to how we're addressing climate change, how we're adapting to it, and things like that, it would take months to put together and lots of pages, but I'm happy to undertake that work to make sure you have the answer you want.

The Chair: Thank you very much.

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

● (1150)

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thank you, Minister, for coming before committee today.

I know you were up in Dawson Creek, up in my neck of the woods, in the B.C. Peace. Some of the farmers there talked about traceability. Initially it was looked at as a bit of boat anchor, something that they had to do. But the more they looked at it the more they realized it's a positive in terms of trade and it's definitely an advantage to Canadian producers. But also we noticed that you had announced that \$7.5 million was being invested into that field. Could you speak to that amount of money and the positive that it really does bring?

Hon. Gerry Ritz: That was the second investment when it comes to the Canadian cattle identification and we're going beyond that. It's all livestock now. This will build the capacity to put all the data together so that we actually have flow. Right now there's a separate system in Quebec, which is an excellent system. We've patterned the rest of the country on that, using that as an anchor. Now the data is being exchanged. As you know, cattle aren't born, raised, and slaughtered all in the same area. They move. They're very transient. So we're able to trace them now.

We have a growing recognition of the value of genomics throughout Canada so we have a good database when it comes to genomics. One of the major sectors, and I was just at Agribition this Monday, with buyers from all around the world. I know the stats for last year. I haven't seen them for this year yet because it's not over, but we had 800 representatives from 65 different countries at Agribition looking at genetics, every type of breed of livestock you could think of there. A lot of good contacts and sales were made. We continue to see genetics growing in demand in all the emerging markets like China as well as back to Europe. I mean, a lot of the initial cattle stocks, Hereford and Angus, came from Europe and were developed here with offshoots now to Simmental and Polled Hereford and all that and they're being bought back into Europe.

I met with a group from Great Britain at the show because they were buying Speckle Park, which of course is a breed of beef animal that was developed in my neck of the woods. They have a bit of a track record. They were coming back to renew some of their bulls and cows and continue to build that herd. The pool of resource here, when it comes to genomics and traceability... Canada is now number one again, simply because of the work that we've done as a government working with industry. As you said, at first a lot of ranchers thought it's going to cost them \$4 an animal so they weren't going to pay it. Now they look at it as a tool in order to continue to open up and access markets.

Mr. Bob Zimmer: Speaking to that a little bit more, what does the world look at when they look at this traceability in terms of food security? The fact that we haven't heard anything negative shows to me that the system is working. Internationally, what do they look at as a positive?

Hon. Gerry Ritz: There are two things. With the DNA work that's being done in Guelph and so on, we can trace it almost right back to cut by cut, but at the end of the day, having a traceability system allows us to get into food safety sensitive countries like Japan in a more fulsome way than some other countries. China, of course, is looking at that and the European Union as well. So that traceability system serves two things. If there's a recall we know where to look; we know where to go. If you're looking for a repeat of certain genetics coming up through the system—to give that marbling or that flavour or whatever—we now have access to go back and find that, and pay a premium to the producer to assess those marketplaces.

Mr. Bob Zimmer: There are many positives, for sure.

Hon. Gerry Ritz: Yes, absolutely.

Mr. Bob Zimmer: I just wanted to talk a little bit about our investments in different things, and I might answer Mr. Bevington's question about where we're putting our money. We talked about in the estimates, and my colleague Monsieur Lemieux spoke about this already, innovation expenditures. We see additional amounts of money, \$30 million, but that's 30 million in additional dollars to a budget to bring it to \$549 million.

Hon. Gerry Ritz: Of course, it leverages the private sector as well, so there's a bigger pot to work with.

Mr. Bob Zimmer: For Mr. Bevington, that's \$549 million in terms of innovation. I mean, it's a massive amount of money that's being utilized and provided by the government to help pay....

Hon. Gerry Ritz: As a catalyst....

Mr. Bob Zimmer: Yeah, absolutely.

I just wanted to speak to that amount of money. To me, I just think it refutes a lot of claims that we're cutting back on investment and research. It's quite the opposite.

Hon. Gerry Ritz: Yes, not at all.... The whole premise of Growing Forward 2 was more money and investment in innovation, competition, and marketing. Our farmers have proven they can grow it. There's still a robust series of business risk management suites. We made some changes to AgriStability. At the same time we increased the capacity of crop insurance and we increased by having livestock insurance available to the provinces across the country. What that does is bring bankability and predictability to that business risk suite as well as the investments on the innovation side. A growing number of farmers have recognized that's where the future is. They have to be competitive. They have to be innovative. Certainly, they've proven that they are and we'll partner with them anytime to continue to build along that line.

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

We'll go to our last, Mr. Payne, please for five minutes.

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

Thank you, Minister, for coming today.

I've been talking to a lot of my farmers and ranchers, and certainly I want to thank you, Minister Fast, and the Prime Minister for all of the work you've done on the CETA agreement. I think it's a huge benefit for our country, opening up a huge market—500 million people, as I understand.

As you're aware, our committee undertook a study on this agreement and reported back to the House. I think we had some very positive comments from many of the stakeholders that were here. Over the next couple of days in our meetings, we're actually going to review this again. Unfortunately, the NDP oppose this deal despite hog, cattle, grains, oilseeds, and horticultural farmers and processors throughout Canada benefiting from this massive EU market that is being opened up for our agricultural sector.

I would like you to speak on this. There is money in the estimates for market development for those products in Europe. Can you comment on the opposition NDP on free trade with Europe?

•(1155)

Hon. Gerry Ritz: I'll let the last one go because it's well documented. It sort of goes down in history as to who did what. At the end of the day, we recognize from an agricultural perspective, that every time we've done a free trade agreement from NAFTA on through, it's been rebuffed by certain sectors of our society. But at the same time, there's irrefutable proof that every time we do a free trade agreement, agriculture gains exponentially. I know there are always concerns. I remember the discussions about the wine industry in Canada during the NAFTA discussions, but if you look at our wine industry now, it's stronger, it's better, and it's world class and winning awards, and so on.

We see that same type of model being applied even to our supply-managed sector, which doesn't export. It will have that ability with the CETA. It will have unlimited access to get dairy products and so on into that European market. We know we have some of the best in the world. It's a matter of working with industry to choose what strengthens them and building towards a future that includes the ability to trade in Europe. Certainly we'll work with the industry to strengthen them. But at the end of the day, as I say, there's irrefutable proof. Numbers don't lie when they show that agriculture gains exponentially with free trade, especially in a country as large as Canada where we have the land, the water, the ability to produce, the ingenuity of our producers, and so on.

Mr. LaVar Payne: I understand, Minister, that there's a new beef facility up around Calgary that is specifically targeting the European market. I wonder if you have any comments on that.

Hon. Gerry Ritz: It's targeting all markets around the world. As I've been saying to the livestock guys for years, we have to sell what our customer wants, not what we have. We have to learn to cut the beef. We have to learn how to package it, and so on, so it's prepped for their market. That's value-added.

We're shipping 16-ounce T-bone steaks into Japan. Those would feed a village, not just one person. They don't eat beef to the same extent we do, but there are so many more mouths to feed that of course that 16-ounce T-bone doesn't go very far.

Mr. LaVar Payne: Our colleague also talked about reinvestment of royalties. I wonder if you have any further comments you'd like to elaborate on regarding types of investments in terms of innovation here in Canada.

Hon. Gerry Ritz: The basic change we've made, Mr. Payne, is that we partner with industry now to make these investments. They are very much results-driven. The whole concept of science clusters, which we came up with through GF2, we began doing in the dying days of GF1. But in GF2 now, the money is allocated to the industries within parameters of the research they're looking for. AgCanada scientists, academia, and the private sector all come together to develop the result that industry is looking for. We're seeing a lot more work done and a lot more targeted work done on fusarium and problems that are out there as well as on some of these new investments in varietal research.

With the passage of Bill C-18, we've already seen some investments in Canada. Bayer CropScience has opened a new farm just outside of Saskatoon to develop some of these new varieties for use in western Canada, and they'll sell those and export them around

the world. We'll also see work that Bayer has done around the world coming back to Canada when it comes to new and enhanced varieties.

We're seeing a whole different demand in western Canada when it comes to the grain sector and what's millable and trying to get a price point that's still millable. Warburtons is a huge flour mill just outside of London. I've had the great opportunity to sit down with them and talk about the changes to the Wheat Board. They were at the point where they were going to walk away because all the board would sell them was number one hard red. They didn't want that anymore. They wanted a variety of different grains. They actually wanted some new varieties that were available in Europe to be grown in Canada, something they couldn't do under the old Wheat Board.

I know one farmer in Saskatchewan who had 4,000 acres under contract with Warburtons this year on a wheat variety that's now available in Canada, simply because the board isn't there to say no, you can't do that. They're supplying it back to Warburtons to develop some of the new pastries, and so on, that they're putting out.

As I said, we have to be very cognizant of what customers want and start to develop our varieties and our livestock in that vein.

•(1200)

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

Folks, we've come to the end of our first hour.

Minister, on behalf of the committee, I want to thank you for taking the time to come on the supplementaries. Obviously the questions often go a little beyond the supplementaries, but I believe your breadth of knowledge and understanding in the industry is recognized by everyone here. Thank you so much for coming.

We will break for a couple of minutes, and then we'll come back and meet with department officials.

Thank you.

•(1200)

_____ (Pause) _____

•(1200)

The Chair: We have some new folks who have joined us.

Welcome to each of you.

Just so that everyone knows who they are and their positions with the department, again, we have Greg Meredith, who is the assistant deputy minister, strategic policy branch; and Pierre Corriveau is the assistant deputy minister, corporate management branch.

Tina Namiesniowski is the assistant deputy minister for the programs branch; Siddika Mithani is the assistant deputy minister, science and technology branch; and Frédéric Seppey is acting assistant deputy minister, market and industry services branch.

Folks, we welcome you.

We do have until one o'clock, so I'm going to start back on the same rounds that we had in the first round. I have that list; at least I think I do.

Madam Brosseau, you have five minutes, please.

•(1205)

Ms. Ruth Ellen Brosseau: Thank you, Mr. Chair.

I'd like to thank you for your presence here at the committee and for answering our questions. The departmental performance report from this year show a gap of about 645 full-time employees from what was originally planned for the department, making it a total reduction of about 1,200 employees since 2011.

There was also a budgeted amount of \$63 million that wasn't spent. AAFC has closed several research stations across the country, including cereal research in Winnipeg, and farm rehabilitation offices in nine locations across Manitoba, Saskatchewan, and Alberta.

Can you explain the impact of these cuts? I think 1,200 employees is a lot and that this could negatively impact research across the country.

The Chair: Who is that directed to?

Mr. Corriveau.

Mr. Pierre Corriveau (Assistant Deputy Minister, Corporate Management Branch, Department of Agriculture and Agri-Food): In terms of the numbers, as we mentioned before when we were here as part of the deficit reduction action plan, the department announced a significant reduction in its population of employees, and the numbers you are quoting are correct. In the draft, we had announced a reduction of about 600 employees.

In terms of funding that was lapsed last year, you have two items that are shown in the estimates today. They are in fact funds that we lapsed last year, but they're coming back to the reference level. I am on page 2-2 of the English version of the estimates, and there's an item of \$41.6 million. These are funds that we lapsed last year that are coming back for approval to the committee today.

As well, an amount of \$3 million for the Canadian Wheat Board is also shown here today for approval.

The department tries to maximize the use of its resources, but if funds do lapse, we have a mechanism in place, with the approval of the Treasury Board, to bring funds from the last fiscal year forward to the current fiscal year.

In terms of the closure of the Cereal Research Centre, I'll maybe just address the infrastructure side of it. That facility was in dire need of repairs. We have two other facilities in Manitoba, in Brandon, Manitoba, and in Morden. As such we made a facility infrastructure change that has allowed the co-location of the science aspect from

Winnipeg to those areas. However, I will allow my colleague in STB to provide you with more details on the science perspective.

Ms. Ruth Ellen Brosseau: Thank you.

Dr. Siddika Mithani (Assistant Deputy Minister, Science and Technology Branch, Department of Agriculture and Agri-Food): Thank you very much.

I just want to go back to your question and the rationale for the decision to close a number of sites across Canada. Really, from a science perspective, it's being able to make the best use of our resources and being able to really create a critical mass of expertise in scientists focusing on certain areas so that the efficiency with which we spend the research dollars is maintained.

As my colleague Pierre Corriveau said, the science that was being done at the Cereal Research Centre was actually moved to either Morden or Brandon. In areas where scientists decided not to move, those positions were staffed and are in the process of being staffed. So that work still continues.

Ms. Ruth Ellen Brosseau: So that work is still being continued, but just elsewhere. Okay.

We've also seen a 10% decrease of about \$140 million in business risk management expenses from last year. Where have those cuts been concentrated and what has the impact been on producers?

The Chair: Mr. Corriveau.

Mr. Pierre Corriveau: Again, I'll start with the numbers and then.... From a financial angle, you'll see that interest rates were lower and there were fewer disasters last year. Obviously the program is there if there's a need but obviously last year there wasn't a need. That's why you'll see the expenses at a lower level than in the previous year. I'll defer to my colleague, Tina, for more details.

•(1210)

Ms. Tina Namiesniowski (Assistant Deputy Minister, Programs Branch, Department of Agriculture and Agri-Food): Thank you, Pierre.

In response to that question, I think it's important to remind committee members that there is a difference between our business risk management programs and what I would refer to as our voted programs. With business risk management programs there are statutory obligations, and the government provisions a certain amount of funding on an annual basis, but they're demand driven. So it very much depends on the circumstances within the agriculture sector.

For example, in relation to disasters, we had less activity last year than we've had in previous years, so there would have been less of a demand on the AgriRecovery program. That holds true across all of our business risk management programs.

The Chair: Go ahead.

Ms. Ruth Ellen Brosseau: Only 23,000 producers received cash advances on time by March 31, 2014, for the 2013-14 production period. That is 7,000 less than the goal of 30,000. Can you just tell us why these goals are not being achieved?

Ms. Tina Namiesniowski: Mr. Chairman, I'm not sure I understand the question. Is it in terms of the cash advances in relation to the advance payments program, or which program in particular?

Ms. Ruth Ellen Brosseau: The business risk management.

Ms. Tina Namiesniowski: We have a number of programs that fall under the broad heading of business risk management programs. There are programs that do provide cash advances, for example the advance payments program. That, again, is a demand-driven program and it depends on producers and their need to come forward and seek advances through that program.

The Chair: Thank you, Madam Brosseau.

I now go to Mr. Payne, please, for five minutes.

Mr. LaVar Payne: Thank you, Mr. Chair, and I thank the officials for coming today and for an opportunity to review the estimates.

Under those supplementary estimates (B), Agriculture allocated \$41.7 million for Growing Forward 2 cost-sharing initiatives. Of course, the Growing Forward 2 five-year program, 2013-2018, policy framework, which was made in 2013 for the agriculture and agrifood sector, is meant to focus on innovation, competitiveness, and market development, and basically "to ensure Canadian producers and processors have the tools and resources they need to continue to innovate and capitalize on emerging market opportunities."

I'm wondering if you can explain what kind of programs this \$41 million will be going to and what economic impact this would have on Canada's agricultural innovation. I'm not sure who's tackling that.

Ms. Tina Namiesniowski: I think, Mr. Chairman, I'll start, and try to provide a response to that question.

Pierre alluded already to the provision that the department has the ability to reprofile money from the previous year into this year, and we have a particular provision that's related to the cost-shared programming that we support in the context of the agricultural policy framework. So there is \$2 billion that's earmarked in our framework for cost-shared programming, and that is programming that's delivered through the provinces. We provide 60¢ per dollar federally for that programming. Also, there are requirements placed on provinces in terms of the percentage of the funding that is devoted to innovation. At a minimum, they have to put 25% of the funding that falls under that cost-shared envelope to innovation and 25% to market development and competitiveness. But it is really up to the provinces to determine which programs they offer at the provincial level, since they know better than we do what the requirements are in their region.

So that \$41 million is part of the cost-shared programming; and obviously, together with the federal-only programming, it has a significant impact on the success of the sector in Canada.

Mr. LaVar Payne: Basically, you're saying that the provinces make that determination. Is there any information exchange on this?

Do they provide anything in terms of how that's going to help a particular province?

Ms. Tina Namiesniowski: Mr. Chairman, we work with the provinces in the context of the bilateral agreements we have with them. We exchange information on an annual basis with respect to performance targets and the information we're looking for with respect to the impact the programming is having on the sector.

We're working collectively in the context of the agricultural policy framework to ensure that the money governments earmark for the sector is making a difference in helping to, for example, drive innovation, support them in market development, and ensure that our sector remains competitive.

● (1215)

Mr. LaVar Payne: Thank you.

Also, we had the supplementary estimates, and I think the minister touched on it a bit, on the \$3 million allocated to the Wheat Board for transition costs. Certainly for farmers in my riding, this was really interesting. I had a huge meeting with a bunch of them.

For the most part, they were all for it, but I did have seven guys who were really big-time Wheat Board folks, so they were pretty upset. I said, "Well, the Wheat Board will continue on and you'll still be able to sell your grain." Anyway, in that process, in that conversation, I asked them if they were going to continue to sell their grain through the Wheat Board. The interesting comment was that they said no, and I was quite surprised by that. I asked them why and they said they could get more money from the other organizations, which told me the whole story, as it turned out.

Anyway, that's a bit of a side story. Sorry for taking you that way

Voices: Oh, oh!

Mr. LaVar Payne: Could you outline how this marketing freedom has affected the western Canada grain industry? Do you have anything else to add to what the minister has said in terms of the strong Wheat Board and the vibrant marketing that is available for farmers?

The Chair: Mr. Meredith, please.

Mr. Greg Meredith (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): Thank you.

The Chair: I see a smile on your face. You may be limited in what you may be able to talk about in terms of policy.

Mr. Greg Meredith: I always have a smile on my face at committee.

When we moved to eliminate the single desk, we had two objectives in mind. One, obviously, was marketing freedom for grain farmers in the west, but the other was to establish a viable Wheat Board that would continue to provide choice for farmers. That \$3 million is part of that policy decision. Basically, we've said that any financial implication for the CWB that arose from removing the single desk would be the responsibility of the government, and the operations of the CWB would be their responsibility. That particular \$3 million goes to the legacy pension obligations that the CWB has to its former employees.

In terms of how marketing freedom is going, I think the minister's comments dealt with how they're starting to develop a fully articulated strategy for originating grain and moving it to the ports. They have water access on the Great Lakes and in the St. Lawrence. They have inland terminals that they've purchased through Prairie West Terminal. They have four new terminals that they've established and are already being built. What this will do is offer greater choice to farmers, and it will increase competition for farmers' grain across the prairies.

The Chair: Thank you very much, Mr. Payne and Mr. Meredith.

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

Hon. Wayne Easter: Thank you, Mr. Chair.

That's an interesting discussion on the Wheat Board. I'll not get into it other than to say what the Wheat Board is now. It's just another grain company—it's as simple as that—that at some point in time, as most of the other corporate sectors do, will try to take advantage of grain farmers and not work in their interests as the old Canadian Wheat Board used to do. I'll leave it at that.

On the Canadian Wheat Board, though, Mr. Meredith, you mentioned—and the minister did as well—some of the numbers on the Wheat Board assets—or “not assets”. It is an issue. It's a debate. Does the department have any documentation on the numbers that they can provide the committee?

There's the \$3 million that was talked about, but is there anywhere we can turn to? We no longer have an annual report that's accessible to us. You'll know that. We can't find out what the Canadian Wheat Board does anymore. We can't find out how much they pay in demurrage payments, which were huge last year. That was something members of government always asked for from the previous Canadian Wheat Board, but none of that information is available to us now. It's commercially sensitive.

Can the department provide us with the numbers on moneys that have gone towards the Wheat Board and what they determined the assets to be at so-called market freedom day versus what they are now?

• (1220)

The Chair: Mr. Meredith.

Hon. Wayne Easter: I don't need them today, but can you provide them to us?

Mr. Greg Meredith: I can give you some indication of what moneys were set aside for the CWB.

The government, in making the transition to an open market, committed \$349 million to the CWB for all the costs associated with

that transition. You're talking about things like legacy debt against the building and against the ships that the minister mentioned, and you have other expenses like severance.

Hon. Wayne Easter: Yes, I understand that, and I don't want to interrupt you, but I don't have much time and I will anyway.

Do you have any place where those numbers are laid out? As I said, there is no longer a Canadian Wheat Board report that tells us anything. Is there any place we can turn where those numbers are laid out and where they can be analyzed properly?

Mr. Greg Meredith: The minister took a decision when he tabled the annual financial reports that a lot of that information was commercially sensitive, especially for a small grain company working in the Prairies. At the end of the day, there is not a lot of information that's available, in comparison to the public Wheat Board in the past. The reason for that is that the board is competing in an open market.

Hon. Wayne Easter: Yes, I think what we have now is the small grain company we're operating in the Prairies versus having one of the larger grain companies in the world moving grain.

We'll leave it at that. The number is not available, which I'm surprised the guys opposite are not excited about because they asked everything about the old Wheat Board when it was there and it was always in the audited report. For the old Wheat Board the numbers were always there. In any event, we are where we are.

One of the concerns I hear about a lot is research positions not being filled. Can you give me, either now or in written form, the number of researchers working for Agriculture and Agri-Food Canada now compared with five years ago? As well, how do the dollars for research compare with five years ago?

Dr. Siddika Mithani: I will certainly defer the dollar issue to my colleague, Pierre Corriveau.

Let me talk a little bit about the research numbers right now. The number of research scientists we have is about 387. In the department there are about 2,000 employees within science and technology, which is about 40% of the department. The majority of the employees who are in science and technology are involved in the delivery of science. Whereas there are 400 research scientists, there are about 110 post-doctoral fellows who help the research scientists. There are a number of technicians. That is our complement right now.

We have gone through a transformation and the new GF2 has allowed us to look at how we conduct or deliver science in a very different way. It is not about being able to be the only people who deliver the science, but really looking for partnerships with industry and with academia in order to be able to leverage a lot more science as we move forward.

Science is still critical. The way we do science has changed, and it's changed for the better on the basis of partnerships. That's the key objective.

Hon. Wayne Easter: I understand that and I will admit that this government is no more guilty in this research area than we were. We went to the matching dollars in research and one of the problems is that if you're partnering—

The Chair: Mr. Easter, you're well over. I'm going to have to cut you off. Thanks, Wayne.

We're going back to Mr. Dreeshen, now.

Mr. Dreeshen, you have five minutes, please.

Mr. Earl Dreeshen: Thank you very much, Mr. Chair.

I won't go back to the Wheat Board, but I was one person who had sell into the Wheat Board.

What I'm interested in—and you were just discussing it and perhaps we could flesh it out somewhat as far as the research is concerned. From what I heard there are specifically 387 researchers, but 2,000 others who are in science and technology and taking a look at a different way of doing research so that the money is being invested into clusters. They are the ones who are looking at the different types of new, innovative methods of science.

In the supplementary estimates an additional \$30 million has been allocated for science and innovation, and we know what that is going to mean to industry.

I wonder if you could speak about the details of these investments that we have in science and innovation, and perhaps we can get it on the table enough so that everybody understands where the research is, how things are not being cut, and how we are moving forward because of this new approach to science.

• (1225)

Dr. Siddika Mithani: Thank you very much for your question.

I'd just like to respond with a few examples of some of the work that the science and technology branch does with industry in terms of industry-led clusters.

When we look at canola, canola is an excellent example of the science and technology branch scientists getting together with university as well as industry to move forward some of the targets for canola. Canola talked about 15 million tonnes, which was their target in 2015. With the research and innovation and the cluster, we were able to achieve that target by 2013. Canola has set another target, and their target now is to move from 34 bushels to 52 bushels in the next 10 years. We are now very much working with them, in terms of genomics, in terms of germplasm development, and in terms of resistance to a lot of diseases that we see in canola, for example clubroot. Sustainability practices are some critical examples of AAFC scientists working with industry to make sure that the economic prosperity of our sector is maintained. That's Canola.

We have a similar partnership with Mustard 21. Mustard 21 have their oriental and brown mustard, and we are helping them develop improved mustard lines. There's not only just the mustard, but also the carinata that is being developed for jet fuel. Another example, our classic example, is the industry-led national wheat cluster where WGRF—the Western Grains Research Foundation—the Alberta Wheat Commission, Grain Farmers of Ontario, and other partners are working with us to develop very high-quality finished wheat

varieties for good quality and disease resistance, really based on market signals. It's what the market needs rather than the kind of research that we would want to do in terms of discovery research.

Mr. Earl Dreeshen: Just on that point—you mentioned jet fuel, for example—there was a question earlier to the minister about renewable fuels and how there is just a small amount of money that happened to show up on a line. What you're saying is that through the clusters you are getting this research and you're able to bring in others from other areas. Especially when we talk about greenhouse gases and we look at the different types of engines that we have right now and the different regulations we need on tractors and also the different ways in which people are seeding, the zero till and the different approaches that are being used, the reality is that agriculture is doing more than its share. It should never be one, in my opinion, that should be held up as something that is hurting Canada's approach regarding any types of responsibilities for greenhouse gases.

But, if I have time, could you just comment on this concept of how jet fuel may be being used in these renewable fuels but doesn't make its way to the other side as far as the budget line?

Dr. Siddika Mithani: Just in terms of bringing that forward, with respect to carinata being a concrete example of where we are working with industry, this is obviously going to take a few years, but the fact that there is a partnership that allows for some development of intellectual property, that provides for information to be generated where there is an application, not just for food but for non-food, is very important. Part of our objectives also within the science and technology branch is not to just look at economic prosperity. You cannot talk about economic prosperity without talking about sustainability, and part of sustainability is making sure that you have good environmental performance and sustainability as you move forward.

Mr. Chair, those are all objectives of the science and technology branch at Agriculture and Agri-Food Canada.

• (1230)

Mr. Earl Dreeshen: Okay, thank you.

The Chair: Thank you very much, Madam Mithani.

Now I will go to Mr. Allen for five minutes, please.

Mr. Malcolm Allen: Thank you, Chair.

Thank you to our guests.

I guess I'll go back to Mr. Meredith. I understand the issue of the CWB in terms of confidentiality as it moves into the private sector. One of the things the minister said, though, in his testimony here today was that, when it came to the money being spent, because part of the legislation—I was there during that legislation process—was indeed the fact that the Government of Canada would be the backstop now means that public dollars have gone in. The minister said here that the old CWB was over-leveraged—his words. That being the case, that meant the public had to pay to get it back to balance.

Do you have those numbers? If you do, sir, can you table them with this committee?

Mr. Greg Meredith: Well, yes, but I'd like to clarify. What the minister was alluding to is the policy decision that I mentioned earlier, which was that we as a government would backstop the debts that were incurred as a result of removing the single desk. For example, the old board had an asset in the building, but the building was entirely financed on debt. The CWB continues to service that debt. It's not the Government of Canada doing that. The CWB with its own borrowing power and its own retained earnings is financing its acquisitions across the Prairies. The taxpayers are not on the hook for those expenditures.

What we do is backstop, through the borrowing guarantee of the Government of Canada, the operations of the board in terms of originating wheat, and what that does is make sure Prairie farmers get paid.

Mr. Malcolm Allen: It begs the obvious question. Are you backstopping the pension plan, through the public purse, or is the CWB backstopping the pension plan as you've just described the other aspects of the CWB?

Mr. Greg Meredith: That's a very good point, a very good question, in fact.

The pension plan was obviously fully financed when the CWB was in the monopoly world, but as a much smaller organization it couldn't change its liabilities, which are the accrued liabilities of the pension obligations that the board had. As a smaller organization with less cash flow, it couldn't possibly afford those obligations, so the Government of Canada took them on.

Mr. Malcolm Allen: If I heard you correctly, what you just told me is that, when the minister said they were over-leveraged, that may be true or not true; that depends, with your board against your asset, right? You can make that determination to be 10% of asset or 130% of asset. I would think 130% of asset is over-leverage.

What you just told me, sir, is that indeed the CWB is meeting its financial commitments as far as what its borrowings are against its assets. Is that correct?

Mr. Greg Meredith: Yes.

Mr. Malcolm Allen: Thank you.

Madam Mithani, could I ask you this?

You've actually used the terms "market-driven" research versus "discovery" research. Let's put it in the context of the performance reports of the department, which talk about a gap of 645 full-time employees in the last cycle, going back to basically last year. That being the case, I get the piece that you talked about—and Mr. Dreeshen spoke with you as well—about the clusters, the industry, and basically if you lose 645 employees and you do something different with the group over here, you're kind of doing the same. You get the same amount of work done because you've now taken on new partners. That's not a bad thing.

But as you correctly said, in my view, that's market-driven research and it comes at the expense of—in your words—"discovery" research. If we had indeed kept those 645 employees, I don't know what they would be doing. Could they not have been then working on discovery research, which can in some cases—not in all—discover things we don't find we have any need of until later, which we may even need at the end of the day? Might we be losing

out on things that might potentially end up in the cluster later on, because we're no longer doing the discovery research to the same degree we were once doing it before?

Mr. Pierre Lemieux: Chair, I just want to know, perhaps, your view on whether that is a fair question to put to government officials.

There's government policy that's brought about in terms of focus and readjustment, and I'm not too sure if Mr. Allen's question is venturing into opinion, as opposed to stating the more quantifiable facts about the situation regarding science and innovation in the department.

The Chair: There's a fair bit of discussion in the estimates on the research and innovation, so I'm going to allow the answer to go ahead. I don't know if Mr. Meredith is going to touch on it or who is. The answer, I think, has to be fairly factual.

Mr. Meredith, go ahead, please.

● (1235)

Mr. Greg Meredith: I'll respond, Mr. Chair.

I think you're posing a hypothetical question. It's very difficult to answer what might have been or what would have—

Mr. Malcolm Allen: Since you think it's hypothetical, if you have more, can you do more? Or can you do less?

So if you have 645 additional scientists, could you do more or do less? That's not hypothetical. You have more people. Do you do more or do you do less? It's pretty simple.

Of course, we're highly efficient, the other side says.

Well, you took up—

Mr. Randy Hoback: I have a point of order, Mr. Chair.

Mr. Malcolm Allen: Excuse me, Mr. Chair, it was the witness' testimony that we are doing more market-driven research at the expense of discovery research. I'm simply trying to follow the avenue of the witness' testimony.

Mr. Randy Hoback: He's being mischievous. Actually what he's doing is trying to convince or suck him into a policy debate instead of an actual factual debate about what's in the estimates. It's totally unfair to the witnesses to try to answer that type of question.

Mr. Malcolm Allen: Heaven forbid that I would ever try to draw our good folks in the public service into a policy debate. As I witness my friends on the other side talk about policy with the witnesses, heaven forbid that I would ever suggest that I'm ever trying to do that.

Mr. Pierre Lemieux: Now you're into the hypothetical.

Mr. Malcolm Allen: I didn't ask a hypothetical question. I said that if he had 645 employees could they not be doing work that they were doing before. That's a pretty simple answer. It's not hypothetical. There are 645 scientists, but clearly my friends have decided they don't like it.

Mr. Chair, I'm sure I've probably exhausted my time by now.

The Chair: Thank you very much.

Now we're going to go to Mr. Lemieux.

Mr. Pierre Lemieux: Thanks, Chair.

I'm glad my colleagues have such a strong interest in science and innovation.

On the question of doing more with more, I highlight again the question I posed to the minister, and that is that these supplementary estimates (B) move more money into science and innovation to the benefit of our farmers. That's why I hope that at least the members here on the agriculture committee will vote in favour of these estimates because they are providing more funding, more resources, for science and innovation.

As I mentioned previously, we're talking about roughly \$550 million—these estimates will move extra money into science and innovation, raising it to over half a billion dollars, and I'm wondering if the officials could perhaps provide some indication to the committee of what types of initiatives this will fund.

The Chair: Who wants to take the question?

Dr. Mithani.

Dr. Siddika Mithani: Thank you very much for the question.

The science and technology website talks about some of the work we do in strategic science, and how we identify the areas where the research dollars are going. We have a very elaborate and robust process for calls for proposals that come in based on the needs of the sector, some of the work that has been done by other organizations, and where science needs to go in agriculture.

Within the sector we have nine sector strategies. We have four objectives within the sector strategies: productivity; environmental sustainability; attributes, which means food or non-food attributes; and threats to agriculture. Then based on that, areas and gaps are identified for every single strategy. These gaps within science and technology are identified in consultation with the stakeholders so that we are able to look at exactly where the calls for proposals need to come from. That's how the funding is allocated for science and technology.

There is a robust system by which funding is being allocated into the science and technology branch.

Mr. Pierre Lemieux: Good, thank you very much.

Let me just shift gears a little; let me comment on food safety. My colleagues are probably aware that a recent third-party report indicated Canada had the best food safety system in the world, and then recent polling within Canada showed Canadians have extremely high confidence in our food safety systems here.

I noticed that the estimates are also moving additional funding into food safety, biosecurity, and traceability, and traceability is certainly a core element of our food safety system.

Could you perhaps share with the committee how the increased funding in traceability, biosecurity, and food safety will help the department do the work it needs to do in these respective areas?

• (1240)

Mr. Frédéric Seppéy (Acting Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food): Thank you very much, Mr. Chair.

Thank you for the question.

When you look at it in terms of competitiveness and market access and exports, it is very important for Canada to be able to rely on a strong regulatory framework on food safety and animal and plant health. In that regard, a good illustration is the work on traceability we are doing with the Canadian Food Inspection Agency. We're trying to move forward and introduce and implement a national livestock traceability system, working with the sector and the provinces, because good animal health is very important for food safety in Canada, but also it provides assurances that our international trading partners, the buyers, look for when they purchase commodities and goods from Canada.

In terms of traceability, we already have a system for hogs, and efforts right now are focusing on implementing cost-effective traceability of the movement of other livestock. We are focusing on sheep, bison, cattle, goats, working very closely with industry and building on initiatives that exist in the industry to strike the right balance to provide the benefits of traceability and also to make sure it is done in a way that is feasible for the sector.

That is an illustration.

The Chair: Thank you very much.

Thank you, Mr. Lemieux.

We will move on now to Mr. Bevington for five minutes.

Mr. Dennis Bevington: Thank you, Mr. Chair.

Once again, it's a real privilege to be here in the agriculture field because it's an amazing field, and I've learned so much here today about it. It's one of the great benefits of being a member of Parliament and being able to switch into committees and see what people are doing.

I am troubled by one thing with this research. Can you tell me how the arrangements were made between industry and the department in terms of the proprietary nature of the information that's created?

Dr. Siddika Mithani: We have collaborative agreements with industry and academia partners. We have an intellectual property office within the science and technology branch that is consumed with that kind of work. These collaborative agreements are put together very much earlier within the process, when the research is identified, to look at possible intellectual property, where the rights are, and what happens to that.

Mr. Dennis Bevington: Do you do a trend line on information created versus public information or proprietary information? If you put a trend line on your department, how would that trend line look in terms of those if you graphed that out?

Dr. Siddika Mithani: Chair, I'm not really understanding the issue of the trend line. Through the two collaborative agreements—

Mr. Dennis Bevington: A trend line says that one year this much information was created that was perfectly public information that anyone could access, and then there was proprietary information that was held by the industry. I'd like to know, for your policy development, whether you create this type of a chart or information that would give you an idea of what's happening with that, because knowledge and information are money. Knowledge and information are vital to everyone, and public information, which Canada for decades has been famous for, is something that can benefit all of us. Proprietary information may not have the same benefit.

Dr. Siddika Mithani: With respect to the science we generate within AAFC, that is all public information. It's based on information that is published through peer-reviewed journals. We have "Innovation Express", which publishes the work that is done by AAFC with scientists. Within the collaborative agreements there are certain intellectual property agreements.

• (1245)

Mr. Dennis Bevington: Are those collaborative agreements with intellectual property parameters attached to the information becoming the trend?

Mr. Greg Meredith: We've had an intellectual property office for many years.

What we could do for the committee, Mr. Chair, is to go back and look at some of the metrics we normally collect. As Dr. Mithani has mentioned, a great deal of those are in publications and citations of publications, and those are standard indicators of science excellence. We could also provide information on the number of active patents we have that are now deployed as public tools and technologies for producers, if that would help.

Mr. Dennis Bevington: Okay. Would that give us an idea of whether the department is moving more towards proprietary information or continuing to hold the public information as the strongest part of its mandate? How else would you judge what you're doing unless you could have an idea of where you've been and where you're going?

Mr. Greg Meredith: That's quite right, and that's why I say we do have metrics we collect regularly. Two good examples are citations and publications, and on the other hand, patents.

I'll give you an example. About 85% of the wheat that's sold in Canada is a result of varieties developed by Agriculture Canada. That information is all public. We can go back and collect those metrics. What the trend line would be I can't tell you. If it would help the committee, I could arrange for that.

Mr. Dennis Bevington: That would be great information.

The Chair: Thank you, Mr. Bevington.

I think that would be of interest to all of us, because there has been a lot of discussion about public...and working together with other partners in terms of how that actually comes out in the metrics.

I'm now going to turn it over to Mr. Zimmer for five minutes, please.

Mr. Bob Zimmer: Thank you, Chair, and thank you for coming today.

I just thought I'd preface what I was going to ask. We always find it interesting in the west that eastern politicians think they know what's best for western Canadian farmers. I guess the fact that marketing freedom has been here, something that they experienced long before—

Hon. Wayne Easter: I have a point of order, Mr. Chair.

I'm not going to sit here and take that. I've probably been on more farms, as president of the National Farmers Union, than you have.

Mr. Bob Zimmer: That would be accurate.

The Chair: Comment, Mr. Zimmer?

Mr. Bob Zimmer: It's more just a comment on freedoms that the rest of Canadian farmers had prior to marketing freedom. The western Canadians were looking for equality and we finally have it. Even though I'm not a farmer, I'm a western Canadian.

That being said, with full respect to Mr. Easter and his resume, I just wanted to ask some questions highlighting what we do in innovation and research. I talked to the minister to ask some questions about it. We often see millions of dollars flow past us, and we can take it for granted, but again it's an additional \$30 million, which puts us at \$549 million. If you total in another \$223 million, we're almost close to a billion dollars. That certainly doesn't speak to a government that's cutting back on research. It's quite the opposite. We support research and see the good investment that it is.

I think farmers support that as well. We see them taking up different varieties and using them. That's one part—sorry, I'm coming to a question—but I think what's impressive about AgCanada and the research there is that it's not just to put in a file on a shelf somewhere. This stuff is really rolling out. We're seeing dramatic changes in the returns that farmers are experiencing.

I just wanted you to speak to the increases in research and innovation. How dramatic have they been? Obviously, they've been impactful. From your department's perspective, can you just speak to that?

• (1250)

Dr. Siddika Mithani: We have had a lot of impact in terms of trade, in terms of the work that we do with our industry partners. The fact that there are clusters that exist within the Agriculture and Agri-Food Canada partnership really sends the signal that without AAFC scientists, we would not be able to move the yardsticks.

We also have a lot of international collaborations that allow for the way science supports trade. I'm hoping that Mr. Seppey can talk a little bit about the role that science plays in some of the trade barriers.

Mr. Bob Zimmer: That's a perfect segue, because my question to the minister was about traceability as well. Originally, what was perceived as a boat anchor, the term I gave it, is actually a benefit to us in the trade files. People are looking for this in our global markets. They're looking for these kinds of things, so it's a benefit in a couple of ways.

Yes, please speak to this.

Mr. Frédéric Seppey: Thank you, Mr. Chair.

It's true that given the type of products that we're exporting, we are highly dependent on having both the right science in Canada, and ensuring that the framework that's based on regulations in Canada and abroad is based on science. As an example, Mr. Meredith mentioned that the wheat that we export has benefited from the research done by AAFC. We are the leader in cattle exports. It's very important in terms of the genetic engineering that went into that.

We can have market development, resolve market access issues, negotiate trade agreements, but it's very important as well that through scientists, through the work of veterinarians at CFIA, we're able to influence the development of new standards internationally. This is one of the efforts we're making, especially when we talk about trade. That's why, for example, we are very active at the World Organisation for Animal Health, to ensure that with regard to issues such as BSE or the BSE status, we get the right status that allows us to export; or at the Codex Alimentarius Commission under the FAO, where we developed maximum residue levels for pesticides, where we discuss issues related to ractopamine, and where, with regard to drugs that are approved, we ensure that other countries are basing their restrictions and their policies on science rather than on other elements.

Given the importance of animal products in our mix, this is something that is extremely important to promote.

The Chair: Thank you very much.

Thank you, Mr. Zimmer.

I'm going to take the Chair's privilege since we have a couple of minutes. I have a question I want to follow up a little bit.

What I've learned in the agriculture area I have, which is likely about as diverse as you can get across the country.... In my riding, which is a little bigger than Mr. Easter's province—

Voices: Oh, oh!

The Chair: —there's a diversity. We say we can always do the work of four, but one thing that has changed in agriculture is change.

Agriculture, when I was actively involved to what it is now—and I haven't been inactive that long—has become a changing industry. It's an attraction to our young people. I believe, as I talk to them, the attraction to the young people is that we now have an industry that is not only domestic but global. It is an industry that in comparison to any other is a high-tech, innovative, engineered, and expensive industry to be in. That becomes a vision for our young people. The vision for them is that they're now in competition with like-minded businesses.

Agriculture was and some would say to me still that it's a labour of love. That's still true, but it has gone much beyond that. Going much beyond that also means there has to be a change in how we're going to provide for this new innovative industry through its research development and innovation.

It wasn't that many years ago that we never talked about genomes or genomics, so in the budget we have a little over \$4 million going into genomics. It is effective in agriculture, whether it's in the livestock industry, the grains industry, the horticulture industry.

I'm wondering if as part of what the research and development and the industry itself... It doesn't matter what organization you talk to, the whole cluster principle is so important to them because now they've become a partner. The institutions have become a partner, the industries have become a partner, and the government has become a partner.

Along with that, could you talk to me a little about that, or about the \$4 million that has gone back into Genome Canada and research and development, please?

• (1255)

Dr. Siddika Mithani: Thank you very much for your question.

The \$4.4 million that you've alluded to is from the genomic research and development initiative. This is an interdepartmental initiative that is led by the National Research Council. It really involves a number of departments, including AAFC, Fisheries and Oceans, Health Canada, NRCan. It is really there in order to develop the capacity for genomic research in the federal government, and it has flourished to the extent that we now have interdepartmental projects that are extremely useful.

I'd like to give you one example of such a project, which is the quarantine on invasive species. It involves a number of departments. It's being able to look at coding for invasive species and being able to distinguish between native and alien species. That really helps our trade and our trade partners to look at some of those effects.

There are other food safety initiatives that are done through that. Within AAFC the funding that comes from the GRDI initiative is really based on doing work around the genomic development of varieties, looking at genomic work around disease resistance, looking at biodiversity, looking at the gene transformation in bacteria so that we are able to help industry be able to address some of the issues we have in the agricultural sector.

The Chair: Thank you.

I took Mr. Hoback's time. You have about one minute for the question and the answer.

Voices: Oh, oh!

An hon. member: The Chair is privileged.

Mr. Randy Hoback: In light of that, Chair, I'm going to take advantage of that one minute to say thank you. As a farm leader in the Western Canadian Wheat Growers Association in 2004 and 2005, I know what Agriculture Canada was like back then. When I talk to farmers and farm groups, the difference in working with you guys now is like night and day. They really appreciate the work you're doing. They really appreciate the people you have on the ground and across the country, so please pass on to them our thanks and gratitude for the hard work they do. Please continue progressing like you have, because you're doing a wonderful job, and make sure employees understand that.

The Chair: Thank you very much.

Mr. Malcolm Allen: Mr. Chair, I know you're getting ready to adjourn, but I would second Mr. Hoback's compliments to the department. I think you do wonderful work across this country. But I know the minister was really keen on answering the question that I asked about fines for the railroad, and since he ran out time—justifiably so, we had a conversation and we ran out of time—I beg the indulgence of the committee if we could actually ask the minister to respond to that specific question about the fines and whether they were indeed levied, whether they'd been collected, or where it is in that particular process. I know he was keen to answer, he just simply ran out of time, and perhaps we could get that information to the committee.

The Chair: Quickly, Mr. Lemieux, and then we have to close off because we have to finish up with the estimates.

Mr. Pierre Lemieux: Thanks, Mr. Chair.

I would just point out that the actual application of that falls under Transport not under Agriculture. So although the agriculture minister certainly has an opinion and he works with Transport it's actually through the Department of Transport that the decision will be made.

Mr. Malcolm Allen: Maybe the minister is willing to answer.

The Chair: I don't want to get into a debate. What we could do is pass it on and if there's an answer to come from Agriculture or from Transport....

Mr. Meredith is putting his hand up.

Mr. Greg Meredith: I can just relay that the Minister of Transport has appointed an enforcement officer who is making an investigation and collecting information currently, and will be recommending what fine, if there's a fine, to the ministers. So it is in the process. It has not been done yet.

The Chair: Thanks a lot. To each of the department heads I would just echo that from each of us as individuals and also from our parties we just want to say thank you. You never dodged a question and you gave straightforward answers. That is so much appreciated.

With that we say thank you and keep up the good work and we'll be in touch again.

Committee, you can't leave.

Mr. Pierre Lemieux: Of course, we can.

The Chair: I guess you can. What we need to wrap up quickly is in terms of the supplementary budget.

AGRICULTURE AND AGRI-FOOD

Vote 1b—Operating expenditures.....\$12,531,222

Vote 5b—Capital expenditures.....\$1,280,700

Vote 10b—The grants listed in the Estimates and contributions.....\$44,662,022

(Votes 1b, 5b, and 10b agreed to on division)

The Chair: Shall the chair report votes 1b, 5b, and 10b under the Agriculture and Agri-Food to the House?

Some hon. members: Agreed.

The Chair: Folks, that will be done tomorrow right after question period.

Thank you very much.

The meeting is adjourned.

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