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Chair

Mr. Pat Finnigan

Standing Committee on Agriculture and Agri-Food

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• (0845)

[English]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): I shall open this meeting.

I want to welcome the Minister of Agriculture and his staff, Ms. Christine Walker, Mr. Chris Forbes, and Mr. Jaspinder Komal, here this morning.

We will now commence our study of the supplementary estimates (A), 2018-19, for the fiscal year ending March 31, 2019, with the Honourable Lawrence MacAulay, Minister of Agriculture and Agri-Food.

Thank you for appearing. We are delighted to have you with us today, Minister MacAulay.

On Wednesday, October 24, 2018, five votes were referred to the committee: namely, vote 1a under Canadian Dairy Commission, vote 1a under Canadian Grain Commission, and votes 1a, 5a and 10a under Department of Agriculture and Agri-Food.

I've already introduced the staff accompanying the minister.

Welcome to our committee, and thanks for coming.

I shall start the discussion by calling vote 1a under the Canadian Dairy Commission.

Minister MacAulay, the floor is yours for up to 10 minutes.

Thank you.

Hon. Lawrence MacAulay (Minister of Agriculture and Agri-Food): Thank you very much, Mr. Chair.

It's a pleasure to be here again.

[Translation]

Good day, everyone.

[English]

I am pleased to be here with my deputy minister; Jaspinder Komal; and Christine Walker, assistant deputy minister of the corporate management branch.

I want to thank the committee for its excellent work on supporting the agriculture and food sector. The members of the committee are working together to address some of the pressing priorities for Canadian farmers.

In particular, I want to thank the committee for its study on mental health, focusing on farmers, ranchers and producers. You heard some very interesting testimony, and I'm pleased that this committee has brought this issue into the spotlight for Canadian agriculture. I know that it's also an issue that is very close to the heart of my parliamentary secretary, Jean-Claude Poissant. I am pleased that we are partnering with a number of organizations that have launched some great initiatives on mental health.

Mr. Chair, my message to you today is that our government will continue to work with you to grow the Canadian agriculture and food sector.

Today, I would like to touch on four key points: the fall economic statement, supplementary estimates (A), progress and priorities, and challenges and opportunities for the sector.

Last week, the government released its fall economic statement. It shows that our plan for strengthening the middle class and growing the economy is working. Our government knows that Canadian farmers and food processors are key drivers for the Canadian economy.

That is why the fall economic statement includes many measures to support continued growth. We will invest \$25 million to remove non-tariff barriers to agricultural trade and hire more agricultural trade commissioners. We will improve our tax system so that farmers can grow their businesses. Food processors and manufacturers will be able to immediately write off the cost of capital investments like machinery or equipment. Farmers will be able to write off a larger portion of the depreciation in the year an investment is made for purchase of buildings, machinery and equipment. This has been a major ask by the farm community, and we have delivered.

As the president of the Canadian Federation of Agriculture said, "This fiscal update shows that the Federal Government is taking the right steps to increase the competitiveness and efficiency of Canada's agricultural sector.... It is very heartening to see the government is listening to farmers and, more importantly, acting on what they hear. These initiatives are an [important] step towards harnessing the potential of Canadian agriculture."

As you can see, the supplementary estimates (A) are just over \$30 million. That's on top of the main estimates for 2018-19 of just over \$2.5 billion.

The supplementary estimates (A) include an investment to advance agricultural discovery science and innovation. It's part of the government's investment of \$70 million to help farmers manage climate change and conserve our soil, air and water, and to hire 75 new agricultural scientists to keep our industry on the cutting edge.

Mr. Chair, since we last met, we have marked a couple of major milestones in the industry.

On September 30, Canada reached a trade agreement with the United States and Mexico. With this agreement, we have maintained the tariff-free access to the American market for Canadian exports that we enjoyed under NAFTA. That's good news for the 1.9 million Canadians whose jobs depend on trade with the U.S. For our farmers and food processors, we have protected our \$30 billion in agri-food exports to the United States. Throughout the negotiations, the government worked extremely hard to advance the interests of Canadian farmers and food processors.

At the same time, we fully recognize that the agreement will impact farmers and processors under the supply management system. It is important to remember that this U.S. administration was calling for a complete dismantlement of the supply management system. Our government defended and preserved our system from these very strong American attempts to see it dismantled. I can assure the committee that our dairy, poultry and egg producers will be fully and fairly supported for any market losses.

Before we do that, we will sit down with processors and producers. That is why we are forming working groups to develop strategies for the short term and the long term. Our common goal is to help our dairy, poultry and egg sectors innovate and drive our economy for future generations.

● (0850)

The second major milestone occurred on October 25, when Bill C-79 to implement the CPTPP received royal assent. This landmark agreement is part of the government's strategy to diversify our trade. With Canada being one of the first six countries to ratify it, our farmers would be among the first to benefit. Tariffs will be eliminated on a wide range of Canadian exports, including meat, grains, pulses, maple syrup, wines and spirits, seafood and agri-food products. There are estimates that this agreement will put an additional \$2 billion in the pockets of farmers. In Japan alone, our pork producers are looking at new sales of over \$600 million.

In October, I led a trade mission to Europe, where we worked to maximize our opportunities under CETA. At the same time, we continue to defend our interests abroad. While in Italy and Brussels, I expressed Canada's concern with Italy's mandatory country-of-origin labelling required on durum wheat pasta. I took every opportunity to promote and defend Canada's farmers, their quality products, and free trade based on a science-based system.

Our government has signed the biggest trade agreement in Canadian history with the world's largest trading blocs in Europe, North America and the Pacific. We have firmly maintained the three pillars of our supply management system, and at the same time we've given farmers and processors access to a full two-thirds of the global economy.

We're not stopping there. Earlier this month, I was proud to lead a delegation of over 300 on a trade mission to China. I am proud to report that our agri-food exporters signed 18 agreements with Chinese partners. We expect to generate about \$640 million in new sales as a result of this mission. We successfully promoted our world-class Canadian food and beverages, and we worked with industry to grow their sales in this vital market for our farmers and food processors.

As members are aware, we have set a target of \$75 billion for agriculture and agri-food exports by 2025, and I am confident we will meet and exceed that target.

Of course, none of this can happen without investment. Over the past seven months, investments have been rolled out under the Canadian agricultural partnership. As well as trade, science and sustainability are key priorities for the partnership. Science is keeping our industry on the cutting edge. Over the past several months, we have announced investments of over \$75 million in science clusters for a wide range of sectors.

I am proud to be a member of Parliament and a farmer. Those were the two things I did in my life. It was just over 30 years ago, on November 21, that the people of Cardigan elected me for the first time. I have always been extremely proud to represent the people of Prince Edward Island. I am extremely proud to represent Canadian farmers, whether in the House of Commons, travelling across our country, or around the world. We have the best farmers and ranchers in the world, and it truly is a source of pride to represent them.

When I look ahead at the prospects for the industry, I see a great future. This past summer, I had the privilege of visiting some of our outstanding farmers and food processors on a tour across the country. It's truly amazing. Our farmers and processors are innovators. They are passionate about agriculture, and they are driving our economy. Truly, the future of our industry is in good hands.

Thank you, Mr. Chair.

● (0855)

The Chair: Thank you, Minister MacAulay, for updating us on the proposals.

We will start our questions now. I want to welcome Mr. Dean Allison to our committee, in replacement of Mr. Earl Dreeshen.

[*Translation*]

M. Berthold, you have six minutes to put your questions to the minister.

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Thank you, Mr. Chair.

[English]

First of all, I want to congratulate you, Mr. MacAulay, for your 30 years of being an MP. It's a long time to serve, and I appreciate someone like you doing this job for so long.

You talked about the fall economic statement. Just between you and me, did the finance minister tell you when the budget will balance itself?

Hon. Lawrence MacAulay: Thank you very much, my friend. I appreciate your question.

What we canvassed on was to improve the economy—

Mr. Luc Berthold: So the answer is no.

[Translation]

Thank you very much.

Minister, will you release the studies that were conducted by your department before you decided to sign the agreement with the United States on what repercussions opening up the Canadian market to the U.S. would have on supply managed producers?

[English]

Hon. Lawrence MacAulay: What did you say? I'm sorry.

Mr. Luc Berthold: I just want you to table the document your ministry made about the agreement with the United States before you signed it.

Hon. Lawrence MacAulay: I don't have any document with me.

[Translation]

Mr. Chris Forbes (Deputy Minister, Department of Agriculture and Agri-Food): What kind of studies are you talking about?

Mr. Luc Berthold: Did your department conduct studies on the repercussions for supply managed producers following concessions that were made under the terms of the agreement with the United States?

[English]

Hon. Lawrence MacAulay: Thank you very much.

We certainly understand how valuable the agreement is. We also understand that the supply management sector had to pay a price. They will be fully and fairly supported. We've indicated that quite clearly. We want to make sure that we keep the \$2 billion moving.

Mr. Luc Berthold: Did you have any study about it before signing?

Hon. Lawrence MacAulay: I've had lots of studies at Agriculture. I'm going to have to turn it over to my deputy.

Mr. Luc Berthold: No, that's fine.

[Translation]

Minister, when did you learn about your colleague's decision to abandon milk, egg and poultry producers during the USMCA negotiations? Was it at the beginning of negotiations, was it on the night when it was decided that we would sign the agreement because you were in a bit of panic, or was it even before then?

[English]

Hon. Lawrence MacAulay: Thank you very much.

I was made aware of it long before anybody sat at the table to negotiate. I think my honourable colleague is well aware that the United States indicated quite clearly that their ambition was to destroy the supply management system. They indicated that quite clearly. The government of the United States said that before any negotiations started. I think it's fair to say—

[Translation]

Mr. Luc Berthold: Minister, we have...

[English]

Hon. Lawrence MacAulay: —you're a good friend, but I have to answer the question.

[Translation]

Mr. Luc Berthold: You keep on repeating the same thing, but Mr. Sonny Perdue made comments to the effect that the Americans never asked for a complete dismantling of the supply management system. We are getting two different versions.

I didn't ask you if you understood the American position or to define it. I'm asking you when you learned about the concessions and if you were consulted on how many concessions were given to the United States.

[English]

Hon. Lawrence MacAulay: As you're no doubt aware, my good friend, negotiations took place for a long period of time. I understood what the objectives were for the American government before the negotiations started. I understood it would be a problem for our supply management sector from the very start.

I also understood quite clearly—and I'm sure my good friend did, too—that the objective of the United States was to destroy the supply management system. We were quite able to make sure the three pillars of the supply management system survived, and we will make sure that they're fully and fairly supported.

[Translation]

Mr. Luc Berthold: When...

[English]

Hon. Lawrence MacAulay: They pay some price—

[Translation]

Mr. Luc Berthold: Did you approve this, Minister...

[English]

Hon. Lawrence MacAulay: —but we will make sure they're fully and fairly supported.

I think my honourable colleague is fully aware of the importance of United States-Canada trade. When you sit down at a table, you have to make sure that you have the best negotiators possible. Over the years in my time here in Ottawa, I have seen, no matter what government is in place—

● (0900)

[Translation]

Mr. Luc Berthold: Mr. MacAulay, on that we agree.

[English]

Hon. Lawrence MacAulay: —very strong negotiators at the table. They work—

[Translation]

Mr. Luc Berthold: Minister, I know that we have good people on our negotiation team.

[English]

Hon. Lawrence MacAulay: —very well in this situation—

[Translation]

Mr. Luc Berthold: What I want to know is when were you consulted.

[English]

Hon. Lawrence MacAulay: —and were able to convince the United States—

[Translation]

Mr. Luc Berthold: When were you consulted about the extent of the concessions, Minister?

[English]

Hon. Lawrence MacAulay: —that this was not possible, that we would not stand for it, and we did not stand for it. I think my honourable colleague is speaking again.

[Translation]

Mr. Luc Berthold: Minister, it's an easy question. When were you consulted on the extent of concessions made to the U.S.? On what was your approval based?

[English]

Hon. Lawrence MacAulay: It was in full consultation, as they indicated. In fact, I knew very well before the negotiations started what the objective of the American government was.

[Translation]

Mr. Luc Berthold: I would like to know what was your government's intentions were.

[English]

Hon. Lawrence MacAulay: I understood as they were sitting—

[Translation]

Mr. Luc Berthold: We know what the Americans wanted, Minister.

[English]

Hon. Lawrence MacAulay: My honourable friend, you have to let me answer. You're a good friend—

Mr. Luc Berthold: Yes, but you have to answer the question.

Hon. Lawrence MacAulay: —but you have to let me answer the question.

Mr. Luc Berthold: You have to answer the question.

Hon. Lawrence MacAulay: The fact is that I was fully consulted all the way through on the negotiations—

Mr. Luc Berthold: I'm ready to let you answer, but you have to answer the question. I'm ready. If you answer the question, I will give you all the time you want, but you have to answer the question. The question was—

Hon. Lawrence MacAulay: When was I consulted? I'm trying to tell you that—

Mr. Luc Berthold: When did you accept the—

Hon. Lawrence MacAulay: —I was consulted all the way through the process.

[Translation]

Mr. Luc Berthold: When did you agree to the concessions?

[English]

Hon. Lawrence MacAulay: It wasn't easy. They are difficult, these negotiations.

[Translation]

Mr. Luc Berthold: When did you agree to all those concessions, Minister? Was it at the beginning, in September or in August? You say you were consulted from the outset.

The Chair: Thank you, Mr. Berthold.

Mr. Breton, you have six minutes.

Mr. Pierre Breton (Shefford, Lib.): Thank you, Mr. Chair.

Minister, I would like to thank you and the other witnesses for coming today.

It is now my turn to congratulate you on your long and fruitful career in politics. Your experience and your knowledge certainly help the agricultural sector as a whole here in Canada.

Minister, a lot has been said about the possibility of exporting high quality products to other countries, products that we can produce in large quantities and that consumers all over the world can trust.

You mentioned that you have been to China, which is probably the most populous country on the planet. Can you tell us a bit about your trip and recent trade mission? How can Canada increase its exports to China?

[English]

Hon. Lawrence MacAulay: Thank you very much.

Of course, it's a massive market in China. I've been there five times as a minister, and a number of times previous to that. The Chinese market is vitally important.

This was a very interesting trade mission. I was representing Canada at the China International Import Expo, which the president of China presided over. It was very interesting to be there. Almost all countries in the world were represented at that.

I also participated in the opening of one of the largest seafood exhibitions in Qingdao. It was the second time I had opened it with the minister. It was very interesting. Not only did we open it, but he came to the Canadian pavilion and spent about half an hour there and saw all that we had to offer.

Then there was the food and hotel expo in China, too. All of these ended up with about one and three-quarters of a billion dollars' worth of signed deals.

In my view, the most important thing with China is to be present there. There's no question that when I sat down with the minister at the fishery exhibition, a friendship was created. That's part of what's so important with getting your products into China.

Of course, as the minister indicated to me, they're very interested in quality, price and friendship.

All countries, including China, are very concerned about safe food. In this country, we have the Canadian Food Inspection Agency. It's so important that it be funded properly. The maple leaf, certified by the Canadian Food Inspection Agency, is a great trademark to sell products in China. We have that.

Along with that, you have to be present there. We were present with over 100 producers and exporters. I think we made a good impression on the Chinese importers. We had meetings with many people.

It takes time to enter the Chinese market. Once you get there, if you can get established, it means that there will be a bigger demand for our agri-food products. That's exactly what I'm trying to do.

• (0905)

[Translation]

Mr. Pierre Breton: Thank you.

Amongst the things that I was happy to see in the Supplementary Estimates (A) were additional investments in research and innovation. I think it's very important for our country to be at the cutting edge.

Could you tell us a bit more about how these investments will help producers here in Canada?

[English]

Hon. Lawrence MacAulay: Thank you very much.

With any product, I think farmers are innovators, whether government is involved or not, but it's essential when your competition is the world today. That's what our competition is.

There had been a major reduction in science, research and innovation over the last number of years, and since we came into power, we have invested \$100 million in science and research. That's vitally important.

If you do not have that, you're not on the cutting edge. Quite simply, if you cannot produce a top-quality product with less fertilizer and less water, and take care of the environment.... That is also taken into consideration when you're dealing with countries around the world, including China. The environmental impact is quite important. However, it also involves the farmer's pocket.

Quite honestly, what we have to do with science and innovation is to make sure that we produce the right seeds that can grow with less fertilizer and less water. That means less cost for farmers, and that's vitally important.

Of course, with the science and research over the years, we have great scientists. Canola was developed here. The canola seed was developed in Canada. When I had the honour of being appointed minister, I believe the exports of canola to China were worth about \$2 billion. Now, that's up to \$3.75 billion, or something in that line. That's a lot of money. That puts a lot of money into the pockets of farmers, and the demand is growing.

The middle class is growing in China. The middle class is growing in the Asian communities. There's more money for them to buy the products that we can produce. We have to make sure that we produce safe, top-quality products.

What is vitally important is safe food. The world demands safe food. That's why the Canadian Food Inspection Agency and the certification of that agency are so vitally important for exports around the world. We have the top ranchers and farmers in the world; truly, we do. They have a great clip on how the beef is produced—the rolling lands, the clear water—and the same with the fish. You have to do that, because people are concerned about how products are produced.

The Chair: Thank you, Minister.

Mr. MacGregor, you have six minutes.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you, Chair.

Thank you for appearing today, Minister.

I'm going to try to get through a few questions, so please keep your eye on me. I might have to politely interrupt you to try to get through them all.

Hon. Lawrence MacAulay: Don't be as hard as the—

Mr. Alistair MacGregor: Page 107 of the fall economic update has \$9.5 billion of non-announced spending measures spread out over five years. I think it's generally understood that future compensation for supply-managed sectors will be withdrawn from this fund. I know that you have two working groups that are addressing this problem right now.

Do you have an anticipated cost that will be withdrawn from this fund? Furthermore, how are you going to ensure that the proper and appropriate parliamentary oversight of the expenditure of these funds is maintained?

Hon. Lawrence MacAulay: Thank you very much. I appreciate your question. I know you're concerned about the supply management sector.

What we have to do, and what we did do, was to appoint two bodies to sit down, or three actually. In my view, what has to happen with any of these programs is that they come from the bottom up. Being a farmer myself, I think it's only fair and right, and the way it should be.

The working groups have to work with the industry representatives and make sure that they put the proper program in place. They have suffered; they have paid a price for the trade agreement. We have to make sure that they're fully and fairly supported, and that's what we're going to do. But I don't want to—

Mr. Alistair MacGregor: The crux is the parliamentary oversight of the funds, though. We have \$9.5 billion spread over five years. We, as members of Parliament, have to approve the funding that Her Majesty gets to spend.

What I am concerned about, Minister, is how we as members of Parliament can have the proper oversight over that \$9.5 billion. Right now, it's a single line item in here, and we have no further details.

• (0910)

Hon. Lawrence MacAulay: Neither do I, and neither should I, but the fact is—

Mr. Alistair MacGregor: But going into the future, how will you, as a department—

Hon. Lawrence MacAulay: Just give me one second; you're asking a question.

The fact is that, like anything that happens, any money that's spent, there is a normal parliamentary process that will take place.

Mr. Alistair MacGregor: We had our concerns with vote 40 before. With vote 40 from the Treasury Board in the main estimates, there were concerns that we didn't know what that funding was going to be applied to.

I have the same concerns with this \$9.5 billion. I want your assurance that going forward in your department, with these two working groups, we will have the proper parliamentary oversight so we can judge whether the funding is adequate to meet the needs of our farmers.

Hon. Lawrence MacAulay: I can assure you, my good friend, that you will have a voice.

Mr. Alistair MacGregor: Good. We have that on the record. That's fantastic.

Hon. Lawrence MacAulay: You have it on the record that nothing is spent by government, that I know of, that you do not have an opportunity to question or—

Mr. Alistair MacGregor: Thank you, Minister. I need to move on—

Hon. Lawrence MacAulay: —be concerned about. I wanted to make sure you do know, because you were concerned about the issue.

Mr. Alistair MacGregor: Thank you. I'd like to move on to my next subject.

In July, when you met with your provincial counterparts, one of the things you looked at was the business risk management program review. I believe you had an external panel that made recommendations, particularly with respect to AgriStability. I believe they identified challenges in its complexity, the timeliness of payments and its predictability. I've certainly heard that echoed by farmers.

Now, those recommendations were made in July. Here we are, with our supplementary estimates, but I don't see any particular funding addressing those concerns. The program is problematic. Going forward, Minister, how is your department going to address the concerns we have with AgriStability, and when can we expect to see the proper budgetary measures to address it?

Hon. Lawrence MacAulay: Well, of course, as you know, the business risk management is under the CAP program, which is administered by both levels of government. It was indicated quite clearly by a number of groups that the speed and the efficiency of the departmental process had to be speeded up—

Mr. Alistair MacGregor: That was in July; we're now in November. I'm just wondering about the timeline.

Hon. Lawrence MacAulay: It will be reviewed.

I'll turn it over to Chris Forbes.

Mr. Alistair MacGregor: Please answer quickly.

Mr. Chris Forbes: Yes, I'll be quick.

We're working with the provinces coming out of July, consulting with national organizations on some potential ways to improve the business risk management system. Stakeholder consultation obviously takes time. These are complicated issues, so this work will be ongoing. Obviously, at some point we'll check back in with ministers to get direction from federal, provincial and territorial ministers.

Hon. Lawrence MacAulay: It's an important question, and it's the best question that has to be addressed—

Mr. Alistair MacGregor: Okay. I'd like you to stay on top of it—

Hon. Lawrence MacAulay: I will make sure that it is addressed.

Mr. Alistair MacGregor: Can you give your assurance that you're going to be on it?

Hon. Lawrence MacAulay: I'm on it—

Mr. Alistair MacGregor: Okay, thank you.

Hon. Lawrence MacAulay: —because I understand how important it is.

Mr. Alistair MacGregor: Thank you, Minister.

Hon. Lawrence MacAulay: When anything happens in agriculture, the problem is to get the money into the hands of farmers.

Mr. Alistair MacGregor: Absolutely.

Hon. Lawrence MacAulay: They need the money.

Mr. Alistair MacGregor: With the minute that I have remaining, the other major thing that we hear from a lot of our producers is with respect to the labour shortages issues. This just seems to keep on coming up again and again. I'd like to know if you can provide this committee with an update, Minister, on what your department is doing with respect to your other colleagues around the cabinet table to address some of the issues that producers have with the lengthy application times, the audits and so on. If we're going to grow our agricultural economy, we need to address that labour shortage.

Do you have any comments on that, Minister?

Hon. Lawrence MacAulay: I couldn't agree more, and I well understand the issue. Is it totally resolved? No, it's not. But there is a report going to be submitted in about.... Well, I don't know exactly when it is. I don't think the date has been given yet, to make sure.... Part of the problem is the growth in our economy, but also we need to address the issue of foreign workers. I understand what you're saying, and it's a well-taken and important question.

I have plants in my own district that won't operate without these people. You have operations that won't operate. The system was flawed. We're working very hard to make sure that many.... It's not under my jurisdiction, of course, but it certainly affects my department very much. I am well aware it affects my department, and I know how it affects a lot of departments. But we have to make sure that it's done properly and it's not taking the jobs from Canadians, which I don't believe it is in many cases. In fact, I believe that if we do not have the foreign workers, perhaps Canadians would not have their jobs—

Mr. Alistair MacGregor: Thank you.

Hon. Lawrence MacAulay: —because plants would close.

Chair, this is an important question. I can tell you quite honestly it's a concern of mine to make sure this is addressed. It's an ongoing, very important issue.

Thank you, Mr. Chair.

• (0915)

The Chair: Thank you, Minister MacAulay.

We have Mr. Longfield for six minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thanks, Mr. Chair.

Thanks, Minister, for being here and for listening to our committee's concerns. It's really good to see that the fall economic statement reflects some of the studies we've done. We've looked at non-tariff barriers. There's funding for non-tariff barriers there. We've talked about improving our trade. There's money for trade commissioners.

I'm always interested in innovation, as you know. We never have a conversation where it doesn't come up. There's discovery science. The University of Guelph is a great partner of ours, as well as OMAFRA, in Guelph.

I was recently making an announcement on your behalf down in Leamington, with Competitive Green Technologies, using science from the University of Guelph. They were taking coffee grounds from McDonald's across Canada and making headlight inserts for Ford Motor Company, and then shipping them to Mexico for moulding that would come back for assembly. The types of investments that we're making in science are really game-changing and quite often hard to recognize as agricultural products, especially when you get into bioplastics and some of the nanotechnologies.

You've seen a lot of innovation over your 30 years serving in Parliament. Could you comment on how we're trying to keep in front of the game here, how we're trying to get to where the puck is going in terms of investment in innovation?

Hon. Lawrence MacAulay: No matter what area of the agricultural sector you're talking about, innovation, research and science are so important, as with what you were talking about, what you did at TruLeaf. We have so many areas to make sure we have the investment. We can grow so many products and create products that were not possible many years ago, and that's what we have to continue to invest in. We have to make sure the agricultural sector receives the appropriate remuneration for this. That is, of course, why we have the research.

You've done a lot at TruLeaf, and I just made an announcement down in Vineland the other day. It's amazing what can be done, when you talk about picking small cucumbers and picking mushrooms and this type of thing. This announcement was to make sure we're able to have a mechanism to pick cucumbers. It's interesting to see how it would be done: come in, go through the leaves, do everything else, and pick the proper cucumber in the proper state; that's something else.

Yes, Lloyd.

Mr. Lloyd Longfield: I don't want to interrupt you as my colleague across the way did, because your answers are always interesting.

Hon. Lawrence MacAulay: That just continues on the great things we can do in agriculture.

Mr. Lloyd Longfield: The trade commissioner is a very interesting piece. I met with Gay Lea in Guelph, a dairy producer. Of course, we were talking about the new trade agreement with the United States and the opportunity for shipping powdered milk, as an example. I've met with the Cattlemen's Association, and they said they need help getting into the Asian markets.

I've talked to other supply chains. I've talked to the turkey producers. Of course, they're being impacted by the new trade agreement. They said they would negotiate and work out solutions, but giving them money isn't necessarily the solution. They need more market access across Canada. They need help promoting their products in Canada. More people should eat turkey; it's a great protein and it's low in fat.

Working with the groups you're working with in supporting supply-managed sectors, the combination of trade across Canada and external trade isn't always about giving money in compensation for a lost market share; it's finding new markets.

It's very early in the game. We haven't met with them yet. We will be meeting over the next few months. Could you comment on how we will be dealing with the negotiations on protecting the market share and improving the market share for supply-managed sectors?

Hon. Lawrence MacAulay: Thank you very much, Lloyd.

I don't want to indicate that we've given any decision as to how this will be done, but it will be done. We need to make sure it comes from the ground up, as I explained previously, so that the people who are truly affected have a major voice in this issue.

As you're well aware, the chicken industry has expanded dramatically in this country. The turkey industry is having a bit of a problem. We will do anything we can to help promote turkey. The population, the demand for food and the consumption are increasing right across the country. You're right, we have to make sure that... It can take investment, advertising, information. Everybody is concerned about their diet. I have a little problem in that area myself.

The truth is that it will attract more business. Again, I would hope that's some of the direction that's taken, but we have to make sure more Canadian product is consumed by Canadians. That's what we want to see happening.

• (0920)

Mr. Lloyd Longfield: Thank you.

Very briefly, I was at the Agri-Food Canada research lab; they had an open house and invited the public. That's something new, letting us see what our federally funded scientists are doing. Congratulations on opening the doors. They're doing amazing work in the labs. It's great to see that you're investing in those labs as well.

Thank you very much, Minister.

The Chair: Thank you, Mr. Longfield.

[Translation]

Mrs. Nassif, you have the floor for six minutes.

Mrs. Eva Nassif (Vimy, Lib.): Thank you, Mr. Chair.

I would also like to thank the minister and his colleagues for coming here today and giving us an update on agriculture.

Minister, I would like to take the opportunity to congratulate you on 30 years of service on behalf of Canadians living in Prince Edward Island.

Agriculture is a dynamic industry that offers many opportunities but certain challenges, as well. Over the past few weeks, our committee has heard quite a lot of heart-wrenching testimony from farmers from all over Canada. They face hardship and challenges which obviously have an effect on their mental health.

Minister, could you talk to us about what the government is doing to help farmers deal with mental health issues?

[English]

Hon. Lawrence MacAulay: First of all, thank you very much, Eva.

It's a vitally important issue. Of course, I was a farmer myself, and we would be kind of reluctant, man or woman in the agricultural sector, to indicate that we had problems.

We all have problems. The first thing is to make sure that there's nothing wrong with telling people you have a problem. There's nothing wrong with making sure you have places to go to talk to people.

That is why we have initiated a program. It's through Farm Credit, and they've addressed the program dealing with this. With 4-H, there was an announcement made here, and another announcement at the same time with Agrivision. We want to make sure that farmers understand.

There's a lot of money involved in farming. You have to spend a lot of money and hope that you get it back. That's simply how it is. I know what it's like. I was asked a number of times, "Are you wise to cover 100 acres of land with potatoes and expect to make some money?" You just don't know. There is a lot of pressure, but I would let my representative from CFIA.... Oh, I don't have that representative here, so I guess I won't be doing it. I'll have to answer it myself.

The fact is that I'm very supportive of this issue. It's a very important issue. Working with 4-H, Farm Credit and the provincial government, we have established lines and centres where people can go in order to address problems. It's a great stress. Quite simply, being at it myself, I know that you owe money. It takes a lot of money.

It's interesting that Farm Credit is involved in this. I've had loans from Farm Credit myself, and I had to pay them back. I can tell you that it can create heavy stress. It's not simple. It's hard. Things happen in the agricultural sector. You can owe money, and then, all of a sudden, you have a storm. Something happens and you lose.

Sure, there are programs in place, and all governments work hard to put programs in place, but simply, in the end, the farmer pays the price. Governments can help some, and they do, but in the end, in my view, farmers pay the price.

It's so vitally important that governments understand that and make sure they put everything in place in order to make it better. The opportunities for farmers in this country are endless because of what is taking place in the world today. The world is our market, and there's a lot of expansion. There's a lot of innovation. All of that costs us money. All of that costs us stress. It's not easy to deal with, having experienced it myself.

Frances and I farmed in P.E.I. We owed money, and you wonder.... We had a great crop of potatoes. Then PVY^N hit, and potatoes went from 12¢ to 4¢ overnight. That hurts. You have to deal with that in your own mind. I'm telling you, there's nowhere to go when you get a big slap like that. You need people to talk to, to be able to help you work around it. Farmers and renters are honest, but there are pressures. There are pressures from all directions.

I want to thank everybody at the committee for dealing with this issue. It's an ongoing, big issue to deal with, and anything that I and the government can do to help in order to make sure that the proper.... My parliamentary secretary, Jean-Claude Poissant, has initiated this. It's a very important thing because I know the feeling.

● (0925)

[Translation]

Mrs. Eva Nassif: Last week, Minister, we had the fall economic statement. Could you tell us a bit about what support was offered to farmers last week?

[English]

Hon. Lawrence MacAulay: Well, of course, there is the \$25 million to increase agricultural exports and to have trade commissioners, and also to deal with the protectionist measures or tariffs that are put in place. We are very strong in this country on science-based regulatory systems. Most countries are.

I have some difficulty dealing with having a science-based system but then going to Parliament to vote on it. Most politicians are not scientists. My desire—and, I think, the North American desire—is to make sure that the world has a science-based system. If you have a science-based system and you have a problem with a shipment or a product anywhere around the world, it's pretty easy to go back.

What we want to try to do with this money is make sure we address some of the unfair issues that developed worldwide—and they continually rise up. We increased the accelerated tax depreciation from 15% to 45%. For example, if you have a \$2-million investment, which is not very hard to have in agriculture, you can deduct \$900,000 in the first year.

The Chair: Thank you.

Hon. Lawrence MacAulay: That's a big thing for agriculture. If you're wondering what it means, just price the cost of a 150-horsepower tractor. That'll tell you how much it costs to be a farmer. Also, all you can do on a tractor is drive around. You have to put equipment behind it.

The Chair: Thank you, Minister.

We'll go to Mr. Shipley for six minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you very much, Mr. Chair.

Minister, congratulations on 30 years of serving your constituents in P.E.I. I was just looking across the aisle. I think you've been around longer than all of them put together.

Some hon. members: Oh, oh!

Mr. Bev Shipley: Maybe on this side, even....

We have great friends in P.E.I., and you're very much respected. Thank you for your service.

I also understand you're going to keep going.

Hon. Lawrence MacAulay: Who knows?

Mr. Bev Shipley: There you go.

The Prime Minister referred to the U.S.-Canada-Mexico agreement yesterday as the “new NAFTA”, so I'm not sure now where we're going with that.

Did you have input into accepting the accelerator clause in terms of the import of milk into Canada?

Hon. Lawrence MacAulay: Thank you very much, Bev, for your question.

I was involved, really, from before the time it started. I wasn't sitting at the table. We have very capable negotiators. I think you're fully aware that the desire of the American government was to totally eliminate the system. That's simply what they said and what they wanted to do.

Again, I have to congratulate our negotiators at the table—not credit for politicians—and the people who were on the front line on this issue. It was so vitally important that they were able to accomplish what they did.

Bev, the dairy and the supply management sector took a hit. They indicated quite clearly that this was going to happen.

Mr. Bev Shipley: We know that, Minister.

I'm just trying to figure out where you're sitting in terms of these negotiations, because an accelerator clause.... First, we've now allowed fluid milk to come into Canada. There is now an escalator clause in the amounts that can come in.

Second, can you tell me how you're going to deal with milk that comes in from the United States, where they are allowed to use growth hormones, such as BST, which is illegal in Canada? How does that work in terms of our consumers' confidence in what the agreement has allowed to come into Canada? It's illegal, and it is now going to be part of the agreement.

● (0930)

Hon. Lawrence MacAulay: Bev, I very much appreciate your question.

Of course, you said you knew—and I think you know this, too—that there's absolutely no food allowed into this country unless it's safe food. Without question, CFIA has the authority to indicate whether food is safe or not safe. Anything that comes in—

Mr. Bev Shipley: Would they be able to use—

Hon. Lawrence MacAulay: Whether it's milk or anything else, if it's to be approved to enter into this country, it has to meet the requirements of the Canadian Food Inspection Agency. I can assure you that anything that does come in will do this.

Mr. Bev Shipley: I think all of us understand that. That's why Canada has some of the safest food in the world, and not only from what we bring in. If there is a problem, it never gets to the consumer. That's the way it should be.

I'll expand my question a bit, because we do have products that come in from the States where, in other areas.... PMRA, which is under Health Canada, is now in the process of reviewing and looking at neonics. Have you asked for an analysis by your department to find out what the impact would be on agriculture if we lose access to this significant crop input?

Hon. Lawrence MacAulay: Bev, I'm going to let my deputy deal with this question to make sure you get—

Mr. Bev Shipley: I can ask him in the next hour.

Hon. Lawrence MacAulay: He's going to respond now if—

Mr. Bev Shipley: I have some other questions for the minister, so can I come back to that?

Minister, I was actually hoping that you would be able to say “yes”. I asked the Minister of Agriculture because I actually have a big concern about this. I need to know what the impact on my industry is, but—

Hon. Lawrence MacAulay: Bev, is it unsafe food that you're concerned about?

Mr. Bev Shipley: No. This is not about safe food. This is about—

Hon. Lawrence MacAulay: Bev, on the cost of imports and what has to be done.... That's why these committees are put together, to make sure that the evaluations are done properly and that they are fully and fairly supported. That's why this is done. But I can't answer the question as to exactly what costs there are going to be right now—

Mr. Bev Shipley: Then let me—

Hon. Lawrence MacAulay: What we have to do is sit down with the people involved, the people who had to pay some price, and that's what will be done.

Mr. Bev Shipley: That leads to my next question, which we have talked about a lot. By 2025, or before, we have to meet the requirements, or the need, globally to increase our exports to \$75 billion. My question goes back to the earlier one. Have you asked for an analysis?

What we're finding is that the PMRA, a side ministry to yours, Minister, is putting roadblocks in front of our industry by starting to reduce the amount of products that we can use to grow our safe crops—

The Chair: Mr. Shipley, we're really out of time. I'll allow the minister to—

Hon. Lawrence MacAulay: Just give me one second. Bev truly cares, and the truth is that we want to make sure.... Without any question, Bev, you looked at the fall economic statement. You see what we're doing. We put \$25 million in it to make sure that we deal with the trade issues around the world. We accelerated tax deduction. We're going to make sure that the farmers can expand and that we give them the proper financial assistance that we can in the tax system in order to make sure they can expand. That's what we have done, and that's what we will continue to do.

As far as food coming in is concerned, as far as the product coming in is concerned, this is why the groups were put together, to evaluate what kind of full and fair remuneration can be given to the sector. That's what we're going to do, and that's what we will continue to do. We're always looking out for the farmer.

The Chair: Thank you, Minister MacAulay.

[*Translation*]

Mr. Drouin, you have six minutes.

• (0935)

[*English*]

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

I have to say, Minister, that I am pleased the Conservatives are asking questions about supply management, because I remember not too long ago I spent some time at the convention, and almost 50% of their membership voted to get rid of supply management.

[*Translation*]

Mr. Luc Berthold: That is false.

The Chair: You do not have the floor.

Mr. Luc Berthold: He should stop lying. If he lies, I will react.

[*English*]

Mr. Francis Drouin: Sorry, Mr. Chair, is it my time?

The Chair: It's your time.

Mr. Francis Drouin: Thank you.

Minister, I wanted to read to you a quote from the Canadian Federation of Agriculture. It says:

This fiscal update shows that the Federal Government is taking the right steps to increase the competitiveness and efficiency of Canada's agricultural sector. This support is pivotal to achieve the target of increasing agricultural exports to \$75 billion by 2025 which was set out in the 2017 Federal Budget.

Why would the CFA say such a thing about the fall economic update? Is there good news that we shared within the fall economic update?

Hon. Lawrence MacAulay: There certainly is. First of all, on your first statement, it would be very helpful if all members of the House of Commons would fully support the supply management sector. I'm not blaming anybody, but the fact is that it's an issue that has been in the headlines of different countries around the world in order to try to hurt our system. When we have parties or individuals who speak against the supply management system, it certainly does not help my efforts. We know it creates a problem.

In the fall economic statement, a number of things took place. The accelerated tax depreciation is so important. As I indicated previously, all you have to do, Francis, is buy a tractor and find out just what it costs, or buy a tractor and a potato harvester—and all you can do with those two things is drive around. There is no end to the financial input for farmers. What we did in that area was to make sure that it would put more money in the pockets of farmers sooner. That is reciprocal. It helps the machinery dealers and it helps the people who work in manufacturing. There is no end to what this does to help the economy.

Also, on the trade issue, which is so vitally important, we are working hard, but if we could just have other countries adhere to the science-based regulatory system.... All we want to do is produce quality food, safe food, and we're fully noted for that. I don't think we have any problem. If you have CFIA approval worldwide, that helps you. The maple leaf on a product, whether you're in China or Vietnam or wherever it is around the world, certainly helps. That's what we have to do.

As you know also, we have invested \$100 million in science research. That is also vitally important, because if you're not on the cutting edge, no matter what you're doing.... Even if you're on a dairy farm and you handle your grain operation in a different way, it might not involve a lot of money. That's innovation. It's a way to do things more quickly, which costs less and is more efficient.

Then there are bigger things with Navdeep Bains's budget, and of course I am eyeing that as much as I can to get any dollars we can out of that in order to make sure that innovation takes place. We also have the protein cluster, of course, which will create many jobs. These are things that will do nothing but help the agricultural sector.

It's also important to realize that other countries around the world are at this work, too, so we have to continue to keep our eye on the ball and make sure we give the farmers, ranchers and processors in this country the opportunity to advance and to innovate. No matter whether you're milking the cow, processing the milk or making the French fries, the innovation—

Mr. Francis Drouin: You're not saying that because I'm French, are you?

Voices: Oh, oh!

Hon. Lawrence MacAulay: Innovation is vital, and in the end it means more dollars for farmers, but nobody need think that it's just us at that. The world is at it, too, but I think we're investing quite well.

Mr. Francis Drouin: Minister, I have to ask you for an update on supply management and where we're at with the working group.

I do have to say on the record that I am disappointed that the leader of the official opposition would say, after the deal has been negotiated, that he would negotiate a better deal. I find it funny, actually. It's like the hockey coach who says after the playoffs are done that he would have won the Stanley Cup. I find that it's not deemed quality leadership.

Could you give us an update on the working group? I think there has been a working group put in place to deal with supply management.

• (0940)

Hon. Lawrence MacAulay: I thank you so much.

Without question, for the supply management sector, this is vitally important. I am concerned about the supply management sector. I milked cows before I came here. I was involved in the supply management sector. It's vitally important to our economy.

Actually, we have put three working groups in place. Of course, the deal has to be signed and ratified by the three countries. These things have not taken place yet, but they are due to start very shortly. It also has to go through Congress and our parliaments in the three countries. When that happens, hopefully.... I'm sure we will have worked with the groups representing the different sectors in the supply management industry in order to put a full and fair package in place that will make sure they innovate.

We have to make sure that these sectors, whether dairy, poultry, chickens, eggs or whatever.... It's the next generation that we're concerned about, too, to make sure they're able to expand as the growth continues.

Look at what happened in the chicken industry. I think it's something like 10%. These things are so valuable. The dairy industry is well aware that these things are taking place.

I know you're looking at me, Mr. Chair.

The truth is that the demand for product is continuing to expand. It's so important that we're able to produce the product in this country, to make sure it's our own product and Canadians know it's our own product. If the blue cow is on the product, it's a Canadian dairy product. These things are quite important, and we will continue to push, but we have to let the groups work and make sure they come up with the appropriate package. We will make sure that Parliament and our colleagues are fully aware and have a chance to voice their full opinion on—

The Chair: Thank you, Minister.

We have a couple of minutes left.

I guess there are some questions from that side.

Monsieur Berthold, go ahead.

[*Translation*]

Mr. Luc Berthold: Thank you, Mr. Chair. I see that when given free reign, the Minister can be quite expansive.

Let's try to quicken the pace, Minister.

I have questions to ask because people are really worried. I have met quite a few stakeholders from the agricultural sector. They talked

about the Canada food guide being revamped, about labelling on the front of packages, about the impact on the industry of upcoming measures including the ban on neonicotinoids.

Unfortunately, you don't seem to be so expansive about these issues. Are you aware that they will have a huge impact in terms of costs and the very survival of Canadian farms? Sadly, we were not allowed to express our concerns to the Standing Committee on Health. Did you inform the Health Minister of the impact that these changes will have?

Minister, what do you intend to do to protect Canadian producers who are currently threatened by a trend that is not necessarily based on scientific fact?

I have taken a leaf from your book and I spoke eloquently about all my concerns. Now it's your turn.

[*English*]

Hon. Lawrence MacAulay: Thank you very much, Luc. You gave a good supply of questions.

Mr. Bev Shipley: You won't get any answers.

Hon. Lawrence MacAulay: You are not indicating that the science-based system on approving chemicals is not done properly in this country. I hope not.

Of course, I have concerns about what is approved—

[*Translation*]

Mr. Luc Berthold: You are twisting my words. What I said was that currently, stakeholders are of the opinion that decisions made by the Health Department are not based on all the available scientific data. That is what our committee has heard on many occasions.

This is worrisome. These measures could have huge financial repercussions for Canadians producers and farmers. Those folks would like the minister to stand up and ask the Health Department to take into account their concerns and opinions, and to ensure that decisions made do not have a negative impact on their production and their survival, as...

• (0945)

The Chair: If you would like an answer, you should stop. I will give the minister time to answer.

Mr. Luc Berthold: ... as was the case for taxation reform.

Thank you.

The Chair: You have the floor, Minister.

[*English*]

Hon. Lawrence MacAulay: Mr. Chair, Luc is a good friend of mine. He was talking about me using up time, but it's hard to get in a word edgewise with him. He's a great man.

Yes, of course, I'm always concerned about what products are approved and what products are not approved. I hope that when you're speaking to farmers, as I know you will, you'll mention the accelerated tax deduction. I just wonder how they like that. Ask them about the \$25 million that we invested in trade. Ask them about the trade contracts we've signed with China. It's important that you speak about these things, too.

I know you're very concerned about agriculture, but it's very important to have the total picture. Agriculture is booming. We want to make sure it continues to boom.

Mr. Luc Berthold: The question, again, Minister—

Hon. Lawrence MacAulay: I want to thank this committee so much for the great help it's been over the years. I appreciate it, and you're great friends.

Thank you, Mr. Chair. It's been a privilege.

The Chair: Thank you, Minister, for being with us today to share the government's initiatives on trade, research, mental health and all the others.

I thank the committee.

We shall pause for a brief moment and then come back with the panel.

• (0945)

(Pause)

• (0950)

The Chair: Welcome, once again, for the second hour.

With us, we have the deputy minister of the Department of Agriculture and Agri-Food, Mr. Chris Forbes. We also have Ms. Christine Walker, assistant deputy minister, corporate management branch. Welcome again to both of you.

We shall go right to the questions round. We'll start with Monsieur Berthold for six minutes.

[*Translation*]

Mr. Luc Berthold: Thank you, Mr. Chair.

Mr. Forbes, Ms. Walker, thank you for coming today.

I hope that we will get more meaningful answers during our second hour. That said, Mr. Forbes and Ms. Walker, I don't want drag you into our little political sparring match with the minister. I'm sure you will be able to answer my questions.

Of the \$250 million budget of the dairy farm investment program. I believe that one hundred million dollars have already been paid out to producers, or thereabouts. Would it be possible to tell us how many applications have been submitted and how many have been approved?

I am still wondering how this money was distributed to farmers. On what basis did you give funding? It would be wonderful to know.

Mr. Chris Forbes: Right. I will try to answer.

We have received between 2,000 and 2,500 applications under the program. We received many applications and the first window is now closed. Approximately 1,900 people will receive a payment. As you stated, this was the first window for applications and there will be a second one. I do not know the exact date, but it's coming soon so that we may distribute all of the \$250 million.

Mr. Luc Berthold: Am I wrong in saying that almost half of the money has been distributed?

Mr. Chris Forbes: Yes, it's about half, maybe a bit more. We received many comments from the sector on the process. We used the first-come first-served principle. We often consult industry

stakeholders to know what we could do to improve the process during the second phase and to make things easier and fairer for them.

Mr. Luc Berthold: Would you be able to give us a breakdown of the current situation per region and sum up the first phase. I think that would be very useful.

Mr. Chris Forbes: All right.

Mr. Luc Berthold: This will help us to make the necessary changes during the second phase. We would know from which provinces the most applications were received and also where the highest number of applications were rejected.

• (0955)

Mr. Chris Forbes: Indeed.

Mr. Luc Berthold: The members of the committee, would be most grateful for that information.

Mr. Chris Forbes: I do have something, somewhere, but I would have to find it. Could you give me a moment? I know that it was about...

Mr. Luc Berthold: Mr. Forbes, rather than reading the figures out loud, could you simply forward them to the committee?

Mr. Chris Forbes: Of course.

Mr. Luc Berthold: That would be fine.

Dr. Komal, I did not formally greet you. Thank you so much for coming.

I would like to talk to you about a producer from British Columbia who is also a processor who is only authorized to sell his products in his province. However, one of his clients then sold his products in another province without his knowledge. The same producer has fallen foul of your agency for this reason.

Up to what point is a producer or processor responsible for his or her products if, without any involvement on his or her part, his or her products wind up in another province?

Dr. Jaspinder Komal (Vice-President, Science Branch, Chief Veterinary Officer and World Organisation for Animal Health Delegate for Canada, Canadian Food Inspection Agency): Thank you for your question.

Normally, when it comes to interprovincial sales, products must be inspected by the Canadian Food Inspection Agency.

Mr. Luc Berthold: The processor sold his products to a distributor in his province. Those products were sold, the transaction completed, and so forth. The problem is that the distributor decided to send part of the shipment of products to another province without informing the processor.

Why is the producer then in your agency's sights?

Dr. Jaspinder Komal: It would depend on the situation. If the producer informed the buyer that his products could only be sold in the province, but the buyer sold them in other provinces regardless, it is the buyer that is responsible. Our field personnel conduct an investigation to find out what has happened and decide accordingly.

Mr. Luc Berthold: I will send you the information I have on this case. This is a strange one. I do not understand why this processor would have to pay a fine totalling tens of thousands of dollars. This case is before the courts. I didn't want to reveal any details, but I wanted to know how you proceed in general. I do however think that it would be worth your while to take a look at this case. I would like to know at what point the processor is no longer responsible. If he or she sells his products to a distributor and that distributor forwards them on to another distributor, the processor's responsibility must end at a certain point.

As we know, it is very difficult to follow-up these things up given the various levels of government. It would be most kind of you if you could look into the matter.

Dr. Jaspinder Komal: All right.

Mr. Luc Berthold: I only have 30 seconds left.

Mr. Forbes, what studies were carried out for Ms. Freeland on the free trade agreement?

Mr. Chris Forbes: We have a head negotiator who is responsible for agricultural matters during negotiations. I do not know if we can talk about studies here, but we did prepare information for the minister, the cabinet and Minister Freeland in order to advise them on how to proceed. We worked quite a bit with people from the industry to understand the pressures they face.

The Chair: Thank you, Mr. Forbes. The time is up.

Mr. Peschisolido, you have six minutes.

[English]

Mr. Joe Peschisolido (Steveston—Richmond East, Lib.): Mr. Chair, thank you. I'd like to thank the officials for attending.

I'd like to begin with you, Mr. Forbes. I want to talk a little about the agriculture sector in B.C. I've attended a few forums at Kwantlen Polytechnic by Kent Mullinix, the head of their sustainable program. He discusses place-based agriculture.

I want to talk a bit about a couple of farms in my area, a larger one and a smaller one. There's Sweet Digz Farm. It's 20 acres, run by younger farmers. It's leased. They produce organic products. Then there is Richmond Country Farms, owned by the Hogler family for over 50 years. Actually, Minister MacAulay visited it a couple of years ago. It's 300 acres, but it's all locally grown, organic. They also create a surplus and they export.

The question I have for you is this: What role can the federal government play in having standards for the organic sector? I believe it's about \$5-billion industry in Canada. What can the federal government do, and what has it done, to expand that sector?

• (1000)

Mr. Chris Forbes: That's a good question. On the standards side, we're obviously working with the sector to develop a new set of standards. I think you will hear a lot from the sector about the importance of having a good set of standards and, as much as possible, a common set of standards across the country. Indeed, I think one of the challenges that the sector faces is international standards, and we do work with other countries, through Jaspinder and his colleagues, on how we can ensure fair access for our organic producers so that their practices are recognized in other countries.

That's certainly ongoing work that we do with a number of jurisdictions. I think those are important pieces.

I'll add that, going back to what the minister said previously, we obviously do a fair bit of science and research in the organics area. We've had organic clusters in the past, and we'll have an organic cluster over the next five years. We'll continue to work with the sector on that. We'll go back to what the innovative practices and the new approaches are, and how we can use science and research innovation to move the sector forward.

Mr. Joe Peschisolido: Another very significant sector in the agriculture industry in B.C. is berries, blueberries and cranberries. Ocean Spray is in the east part of Richmond. There's the Mahal family. Peter Dhillon is trying to expand into the Asian market. Minister MacAulay talked about Asia and China. He didn't talk about Japan or Korea, but obviously those are significant markets as well.

Can you talk a little bit about what the government has done to expand into those markets, and about concrete steps to break down some of the non-tariff barriers that these countries have?

Mr. Chris Forbes: As you alluded, there are multiple fairly significant markets in Asia. We have China, where the minister was, but through TPP, we have Japan and Vietnam, and of course we have a free trade agreement with South Korea as well. It's a mix of things that we do, I would say. One is working through the regulators to make sure that, when companies come to us with markets they think they can work into, we look into the sector's priorities and how we can make sure that some of those non-tariff barriers are brought down.

We work in-country through our trade commissioners, for example in China, working with companies and with buyers on the ground to help market development. Some of the trade shows the minister talked about—the food and hospitality expo in China and the Qingdao seafood show—are the kinds of things that we can do to help promote Canadian products on the ground.

It's a mix of technical work, to make sure that companies can reach these markets; trade deals, which obviously help get the barriers down; and the work of development and promotion of the markets. Again, some of it is in-country and some is done domestically, but we're working together to try to get some awareness and market development in some of these Asian markets.

Mr. Joe Peschisolido: As was discussed earlier, another major issue in B.C. and across Canada is labour shortage of farmers. There's a lovely farm in Richmond called Rabbit River Farms. It doesn't deal in rabbits, but it has organic eggs and hens, and it needs workers. Steve Easterbrook desperately needs workers, as do a whole lot of the other farms in the area. We talked about Hogler Farms, and they have workers who come in from Mexico. They've had them come in for the past 12 years, and then they have to go back. It's disjointed.

Can you talk a bit about what we can do to fix this perennial problem?

Mr. Chris Forbes: As you know, the government is reviewing both the seasonal agricultural worker program and some aspects of the temporary foreign worker program that pertain to agriculture and some of the processing sector needs. From our standpoint at Agriculture Canada, obviously the responsibility for the regulation and administration of these programs sits with colleagues at Employment and Social Development Canada and with Immigration, Refugees and Citizenship Canada.

We work with those departments and the sector to make sure that the sector's real-time experience is understood by our colleagues, that the communication is there, and that issues, when they come up, get raised and resolved. There's also long-term policy development where we work hand in hand with stakeholders and government colleagues to deal with some of these key issues, both at the overall policy level, including the caps on workers, and at the implementation level: process, timing, inspections and all these issues.

• (1005)

The Chair: Thank you, Mr. Forbes.

Thank you, Mr. Peschisolido.

Now we have Mr. MacGregor for six minutes.

Mr. Alistair MacGregor: Thank you very much, Chair.

Thank you Mr. Forbes, for staying on and helping us with some of these things.

In the six minutes I had with the minister, I was talking about the AgriStability program. Unfortunately, there wasn't much time for a more fulsome exchange. I would appreciate it if you could continue what you were about to answer with regard to the panel that identified the issues with the complexity, timeliness and predictability.

I also note that the total expenditures for business risk management have decreased by 10%. By the next fiscal year, we're going to see them fall by 48%. This seems to be in stark contrast to some of the concerns we hear from our producers. They see more variability in the years ahead, being impacted by climate change. Can you explain how we're seeing a 48% reduction in costs in the next fiscal year with probably more unpredictability going ahead?

Mr. Chris Forbes: I'm not sure of the 48%. Why don't we look into that for you? That seems a bit much, unless I'm missing something in the supplementaries versus the....

Mr. Alistair MacGregor: I have it here in the notes from the Library of Parliament. By the next fiscal year, 2019-20, "the planned expenditures will fall by 48.0%."

Mr. Chris Forbes: Christine, do you want to talk about the 48%? Then I'll come back to the overall direction.

Ms. Christine Walker (Assistant Deputy Minister, Corporate Management Branch, Department of Agriculture and Agri-Food): They are funded out of statutory payments, not out of voted appropriations. The fund will be replenished in the following year. They come in for only one year.

Mr. Alistair MacGregor: Okay.

Mr. Chris Forbes: Whatever farmers need will be paid out.

Mr. Alistair MacGregor: So the department's efforts on AgriStability specifically....

Mr. Chris Forbes: If I can step back, it's a review of the full set of BRM. It's not just AgriStability.

Mr. Alistair MacGregor: That seems to be the punching bag—

Mr. Chris Forbes: It has a lot of interest from folks, but there are others, such as AgriRecovery and AgriInsurance, that are significant expenditures.

We did have a report from the panel to FPT ministers in the summer. They came with a few recommendations. Some of it was about finding more private sector risk-sharing that we could do to help. Some of that stuff is not full private sector risk and not really a risk the government should be covering, so can we find ways to help develop products in the middle? Under one of our programs, we launched a call for proposals from academics and others to look at what some of those models might be. We'll work with the provinces on them over the course of the coming months.

I don't want to go on too long, but we are also working with national stakeholders, and the provinces are working with regional stakeholders to build on some of the direction from the panel.

Quite honestly, we'll have to come at some of the tricky challenges of how to ensure something that is both accurate and fair to the producer, and timely and simple. That is always a bit of a challenge to balance. That's one of the issues we'll have to tackle.

Mr. Alistair MacGregor: I want to go into the debate over the carbon tax. It seems as if we have two armed camps. I'm trying to find a way forward that respects the role that our producers play. We know that well-managed agricultural practices can have incredible carbon sequestration potential. That was very much the subject of one of our committee's studies.

Looking ahead, can you provide a little more detail on how the department is looking at the carbon sequestration potential of our producers? What kinds of programs are you using to try to encourage that to happen? I think that could potentially be one of our greatest assets and weapons against climate change.

Mr. Chris Forbes: I think you make an excellent point.

Under the agricultural partnership with the provinces, we do work together. Environment and climate change are one of the priorities. I'll make a couple of points in that regard.

Carbon sequestration and carbon emissions are a big part of the environmental research we do, whether that's on livestock or cropping practices. At Agriculture and Agri-Food Canada, and with the provinces, we do a fair bit of primary research, if you will, to look at what more we can do in that area.

The second part that you're raising is how we can get practices out there. I think that's an area where we need to keep working. We do work with the provinces on how to disseminate best practices. Between the two of us, I think that's an area where we can do more work.

• (1010)

Mr. Alistair MacGregor: Finally, on your links with the deputy minister from the Ministry of Health with respect to the healthy eating strategy, I met with....

I'll take fruit juice producers as an example. Often, fruit juice producers are taking the excess fruits or the ones that are undesirable for eating. If they're going to be impacted by a recommendation in the healthy eating strategy that fruit juice is maybe not as healthy as some people make it out to be or believe it to be, have you made any analysis of how that would impact our producers—i.e., their ability to get rid of excess apples and so on?

Mr. Chris Forbes: I don't know if we've gone that specific—

Mr. Alistair MacGregor: I think that's something you should be considering.

Mr. Chris Forbes: Let me just tell you quickly about the kind of stuff we've done. We have worked with the food processing industry round table. It's a sector round table that we bring together to look at some of the costs associated with the proposals—for example, the proposals around front-of-pack labelling. We have worked with them to help quantify their views on the costs of these proposals and some of the economic impacts.

The Chair: Thank you—

Mr. Chris Forbes: What we try to do—sorry, Chair—is just make sure that the information flows both ways. The sector's information and what they see as the impacts are brought to the attention of our colleagues. Similarly, the processes and priorities and the understanding of our colleagues are communicated to the sector so that we can improve the dialogue.

The Chair: Thank you, Mr. Forbes.

Thank you, Mr. MacGregor.

[*Translation*]

Mr. Drouin, you have the floor for six minutes.

[*English*]

Mr. Francis Drouin: Thank you, Mr. Chair.

I'd like to thank you for being in front of this committee. I know it's not your first appearance.

I'm wondering if you could give us an update on the fall economic update. I didn't have a chance to go through it with the minister. A

few items have been mentioned in terms of regulatory reviews. I'm wondering how that process will unfold, given that it has been mentioned in the fall economic update. I'm talking about the guidance on plants with novel traits, the fertilizer regulatory modernization and the timelines for pre-market assessments.

I've spoken to a few folks in the business, and they welcome that news. I'm wondering how that will unfold from now over the next few months.

Mr. Chris Forbes: In the statement, obviously a number of specific regulatory commitments were laid out in terms of priorities for officials and for the government to get through. Timelines will vary from item to item. You raised the example of the plants with novel traits. We are engaging with the sector right now through CFIA, the AAFC and indeed Health Canada to talk with the sector about ways we can simplify and clarify the approval process. That's ongoing. The precise timing will depend on the nature of the discussions, but these discussions are ongoing.

For some of the other regulatory items—Jaspinder could probably talk about some of the CFIA stuff—it will have to go through normal processes to the extent that there are changes, gazetting processes, and so on.

Mr. Francis Drouin: Maybe I shouldn't have said “timeline”. One of the issues we hear is that sometimes, to take PMRA as an example, they don't consult. They're not necessarily going to consult on the impact on trade, and that's causing some issues for farmers. I'm wondering if we can take this opportunity to have that international trade voice at the table. I'm sure you guys are at the table, but I think that's something that farmers would welcome on a local basis.

Mr. Komal, feel free to jump in.

Mr. Chris Forbes: Let me jump in for a moment, Jaspinder.

To your point about what came out in the statement, I would say a couple of things. We heard a lot about how to get more external voices talking about regulation and how to think more about economic issues when we look at regulation. You will see a commitment to set up an external voice to advise the government on regulation. You'll see commitments to regularly update legislation to get rid of old economic impediments that are in legislation and regulation that aren't necessary. You will also see a commitment to put more economic emphasis just generally on how we look at regulations.

How do we tackle regulation well? Obviously, it's maintaining food safety in the case of CFIA, and the health of Canadians in the case of Health Canada. It's not giving up the prudential aspects of regulation, but how do we bring more of this economic, innovation, and trade lens to the discussion? That's maybe some of the overarching....

I'm sorry, Jaspinder. You're on.

•(1015)

Dr. Jaspinder Komal: Thank you.

As we work with our trading partners and other parties—either directly, bilaterally, or through international standard-setting bodies such as the Codex, IPPC or OIE—we are very well aware of what is there in the international community, and we try to harmonize, because we are an exporting country. What we're trying to do with our regulations is to harmonize with that so that we are able to trade according to the requirements of the importing country.

Second, we are also trying to make sure that these regulations are enabling and not impeding. We're trying to make them more outcome-based, keeping the intent of the regulation and the authorities that the government has to certify these products, but also making sure that there are no unnecessary things in there that are impeding production or export.

The safe food for Canadians regulations are one of them, and we have other regulations in the pipeline with regard to feed, fertilizer and hatcheries. We have a number of regulations that are in, and we are modernizing them in full consultation with stakeholders. We are making consultations up front so that when it goes to gazetting, we have a full view of the stakeholders. Once it's in the consultation, we will have already talked to our international partners, and then we will also publish it through WTO for 75 days or whatever the time is.

Mr. Francis Drouin: Having spoken to a sheep farmer, I know that she will welcome the approval of veterinary drugs using foreign reviews. How would that work essentially? If a drug is approved in the U.S. market but not yet in the Canadian market, I suspect that the publisher or the proponent of that particular drug still has to apply to the Canadian market, but then they would have to.... What we're saying is that Canada will now use, for instance, the same application that was submitted to the U.S. Is that what we're trying to do here?

Dr. Jaspinder Komal: That's in the realm of Health Canada. What I heard from them is that they are doing it. In the meantime, we work with the department and also with Health Canada because it's a small industry. Companies don't like to bring products here. It's very costly to license products and market them. What we're trying to do is, on a trial basis, look at a minor use program. We worked in the past with Health Canada and also with the industry to approve certain drugs in Canada through a program where the government helps.

The Chair: Thank you, Dr. Komal.

Mr. Longfield, you have six minutes.

Mr. Lloyd Longfield: Thank you all for being here to answer the detailed questions.

It strikes me that we're in a new process. We've just had our final vote on the budget implementation act, and we're now working on estimates within the same fiscal period. We did an adjustment in the past year. This is a whole new piece, where we're actually talking about things within our budgetary period. I know that you have done a lot of work to get us there, so I just want to thank you for getting us aligned with the budget and the supplements in the same period.

I'm very interested in vote 1a, particularly the reinvestment of royalties from intellectual property being \$5.6 million. I also sit on

the industry committee, where we have new intellectual property strategy within Canada. Now I'm seeing intellectual property revenue showing up in the agriculture supplements. Could you talk about what that actually looks like and how your department works with intellectual property and reinvests in science?

Ms. Christine Walker: Yes, this year we have approximately \$5.6 million in royalties from licences, fees and intellectual property. Those amounts were collected last year, in 2017-18. They were deposited to the consolidated revenue fund, and now we are basically accessing that money and bringing it back to the organization. Of those funds, 100% will be reinvested in the science program.

A typical example of a royalty would be AAC Brandon, an example of Canadian red spring wheat. It was actually developed by AAFC, and it was planted on over 228 million acres in Canada last year, commanding about 24% of the market share. Just from that, we got \$800,000 in royalties.

•(1020)

Mr. Lloyd Longfield: Wow.

When I was at the open house in your lab in Guelph, I saw some developments—I saw a lot of developments and maybe I shouldn't go into the real specifics—having to do with antimicrobial resistance and using berries and their skins in terms of that, and then looking for market opportunities. Is there any kind of commercialization process that these labs are able to do? Or do they work through industrial partners, and the industrial partners do the commercialization of some of the research?

Mr. Chris Forbes: Generally, the commercialization of products will come within industry. We're not in the business of commercialization generally. We do have programming that goes a bit to that side, not necessarily with our own innovations, but we do have programming that supports that.

Mr. Lloyd Longfield: Right. Thank you.

I have two other line items that I wanted to address. One is “[r] investment of revenues from sales and services related to research, facilities and equipment”, at \$2,553,000. On reinvestment from sales and services, again, we're not marketing, but we're using this revenue through partnerships. Is it universities?

Ms. Christine Walker: Thank you for the question.

I have a couple of examples. We have research facilities. We have 20 research centres across Canada. We lease space to some provincial governments, for example, so they can use our space. That would be a good example of sales and services related to research and facilities.

Mr. Lloyd Longfield: That's terrific. It's great to show on these line items that we're actually using science in a smart way to develop our markets for our farmers, and that farmers are also involved with the developments, which is great.

There's one final one that I'm seeing. It's the final line item of "[c]ontributions in support of the Living Laboratories Initiative". When our committee travelled, we went to the University of British Columbia and saw a living laboratory there. We saw some things around organics, and Mr. Peschisolido was talking about our investments in organics. What is the living laboratories initiative?

Ms. Christine Walker: The living laboratories initiative was part of the \$70 million that was announced in budget 2017. It is a contribution over five years of \$10 million. It is a nationwide network of sites where groups, both inside and outside the government, can collaborate to develop and implement innovative solutions to address persistent agri-environmental issues.

We've recently completed a series of stakeholder engagements across the country to introduce the concept and get the perspective on regional priorities, roles and responsibilities of partners, and criteria for the site selection of living labs.

Mr. Lloyd Longfield: Okay. Thank you.

These are great answers. I appreciate that. I've asked all the questions I wanted to ask, so I just want to take the time to thank you for the great work that you're doing on behalf of our farmers and our country.

Mr. Chris Forbes: Thank you.

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

Now we'll hear from Mr. Bev Shipley.

Mr. Bev Shipley: Thank you very much, Chair.

Thank you, witnesses.

I wanted to follow up on Mr. Drouin's comments. The Agricultural Growth Act came into effect in 2014, which allowed for Canada to be a part of the registration process on a global means. Is that being enforced?

Mr. Chris Forbes: The Agricultural Growth Act...? I'm not sure I

Mr. Bev Shipley: You're not sure about the Agricultural Growth Act of Canada. Okay.

Part of it is where the PMRA, the veterinary drugs directorate and the CFIA all came together to say.... It was about how minor use is fine, but we have in Canada a large area and small production. In many areas, particularly in horticulture and others where we can't get the sheep industry, we can't get the registration of products. The idea is that we're in a global market. We also have technology whereby Canada can become part of that registration process. If Australia, Europe or the United States wants to do it.... Is that not being followed through?

•(1025)

Dr. Jaspinder Komal: Yes, so—

Mr. Bev Shipley: If it is, that takes away from the concerns or comments that are made, because they should very much be able to be part of that solution.

Dr. Jaspinder Komal: Thank you for the question.

The Agricultural Growth Act came into being in 2014, and it had many aspects to it. We have incorporated the intent of that act into many of our regulations, and we are continuing to do so.

To your specific questions about looking at harmonizing the pre-market assessments, I think that is happening, too, in the area of veterinary biologics, which is under the authority of CFIA. I don't know for sure, because it's not under our responsibility, but PMRA and Health Canada are looking into that.

For example, in the feed realm—feed for animals—we have almost harmonized our requirements with the USFDA, and we're working with Europe to harmonize with them. This will allow the marketing of feed for exports. Canada is increasing the production of feed for animals, so we should be able to do that.

Mr. Bev Shipley: One of the huge concerns—and I'm going to drop it, because I have other ones—is that we're allowing products to come into Canada that use registered products in the United States or Europe that are illegal here. They sit on the shelf right next to our products that our producers produce, and we lose that competitive advantage to them.

That takes me to a quick question. I asked the minister, and it's going to you now.

With regard to BST hormones in the milk that's coming in, how are you going to deal with that? It is illegal in Canada to have that product here, and now we will be able to import that illegal product into Canada.

How do we get around that?

Dr. Jaspinder Komal: My understanding is that BST has been banned in Canada for animal use. Health Canada has looked at it and found no harmful effect for humans.

Mr. Bev Shipley: See, that's the problem. All of us will agree with that.

We're giving the advantage to our competitors. We shaft our producers here, because we don't have access to that product. Under the new NAFTA, as the Prime Minister called it yesterday, we're going to be able to allow milk coming in from the United States with an illegal product. We can't use it in Canada.

That helps, if a producer wants, to improve the production. We chose in Canada, a number of years ago, to make it illegal. That's the problem. I suggest that the ministry and the bureaucrats within our ministry start to push back and support our dairy and our livestock producers against PMRA and Health Canada on these issues.

I want to go to another one, if you don't mind. On front-of-package labelling and Canada's food guide, there is huge impact across agriculture in Canada. Did you put forward an analysis of what it would cost our agriculture industry if those continue to go through as proposed?

Mr. Chris Forbes: As I had said earlier, we've worked a lot with the sector on this issue.

One of the things we did through the food processing industry round table was that the industry put together an estimate of the cost of implementation of the front-of-package labelling. This was based on input from the industry, after much discussion on their part, and this is material that we shared with colleagues around the—

Mr. Bev Shipley: How about the food guide? That's another one. They took food that was promoted as health food across Canada, and they have now put a label on it saying it's bad to eat.

Mr. Chris Forbes: Both of these are still policies under development. They're not in place. There are still discussions going on, on both.

Mr. Bev Shipley: I understand that, but our industry is one of the most significant industries in this country. If we don't know what that cost analysis or that hit is going to be to our producers, other than just saying, "Well, you know, we're concerned about it"... They need to know what the impact is going to be to them on their livelihoods.

When I ask these questions, I guess I'm wondering why there wasn't directive to get some cost analysis for our producers so they know what the hit is going to be of these new regulatory changes.

•(1030)

The Chair: We're out of time, Mr. Shipley, unfortunately.

We have a little bit of time—

Mr. Bev Shipley: I can take some.

Some hon. members: Oh, oh!

The Chair: Well, you might have your chance.

I'm going to give each of you a question.

I'll start with Pierre, and I'll go with Mr. MacGregor, and—

Mr. Luc Berthold: We don't follow the...?

The Chair: It's just that there are only 15 minutes.

[Translation]

Mr. Luc Berthold: Right.

[English]

The Chair: Is everybody okay with one question each?

Some hon. members: Agreed.

[Translation]

The Chair: Mr. Breton, you have the floor.

Mr. Pierre Breton: Thank you, Mr. Chair.

I would like to thank the witnesses for coming.

I noticed that \$745,000, which is not a huge amount, has been earmarked for participation in international organizations. I was happy but surprised to see that Agriculture and Agri-Food Canada participates in foreign projects. I am talking about projects, but I'm not sure if that is indeed the right term.

Globally, which organizations benefit from these additional amounts or from the whole amount? Are these Canadian organizations who are involved in foreign projects or foreign organizations that work in other countries?

In my riding, there is an organization that is working on an extremely interesting project. It is highly likely that I will contact you to see about possible involvement.

Ms. Christine Walker: Thank you for your question.

[English]

The \$745,000 is for grants to foreign recipients for participation in international organizations.

Mr. Chris Forbes: They would be international bodies that work to help set global trade standards, as an example—in fact, it links back to our trade objectives—for different aspects of setting up rules that can collectively be agreed to by CFIA and counterparts in other countries. We will provide funds to them to move forward policy issues, organize events and develop policy positions that are global, which would help us set, to the best extent possible, common standards and benchmarks for trading.

Do you want to add something, Jaspinder?

[Translation]

Dr. Jaspinder Komal: I would like to add that these organizations have paying members who have influence over standards that are set. Given that Canada is one of the countries with the highest standards, we want to be sure that food safety standards on the market are not weakened. It is therefore very important that Canada has a place at the table to exercise its influence on standardization, as the standards apply to products that we export.

The Chair: Thank you.

Do you have another question?

Mr. Pierre Breton: I will let somebody else ask questions.

[English]

The Chair: Okay.

Mr. MacGregor, you have questions.

Mr. Alistair MacGregor: Thank you, chair.

Dr. Komal, just going on what Mr. Shipley was talking about with the hormone use, I believe the primary reason it was banned in Canada was that use of it led to a higher incidence of lameness and other problems in animals. Is that correct?

Dr. Jaspinder Komal: I think so. This was by Health Canada. I don't have all the details.

Mr. Alistair MacGregor: You are the chief veterinary officer. Do you have some familiarity with it?

Dr. Jaspinder Komal: Yes.

Mr. Alistair MacGregor: Okay.

To address Mr. Shipley's concerns, we do have a very engaged consumer base in Canada. I think a large part of their interest in our farms is to see that our animals are well treated. Perhaps we could use that as a selling point for Canadian milk in the future, that our dairy farmers look after their animals really well. Maybe that's some kind of campaign we can engage in.

That's all I have to say. Thank you to all of you for appearing today.

The Chair: Thank you, Mr. MacGregor.

Mr. Berthold, go ahead.

[*Translation*]

Mr. Luc Berthold: Thank you very much, Mr. Chair.

I have two quick questions.

Mr. Forbes, two committees have been set up to deal with compensation for supply management. What document are those committees working on right now?

Mr. Chris Forbes: We are all still waiting. The Dairy Farmers of Canada have stated that we need the finalized text before being able to talk about it.

Mr. Luc Berthold: How do you explain the fact that we still don't have a document? The Mexicans had theirs three days afterwards. Here in Canada, we still don't have the finalized document of the accord. How can we prepare for something and work under those circumstances? It's a mystery.

Mr. Chris Forbes: The negotiations are indeed over, but there are some small details that Canada and the United States have to iron out. Once the agreement is signed, the document will be finalized and we can get to work based on that.

•(1035)

Mr. Luc Berthold: Therefore the committee will not be able to start working without those documents.

Mr. Chris Forbes: The committee has not yet started.

Mr. Luc Berthold: Fine.

My second question is about the promise made by the minister concerning a long-term agreement with India, which is about

[*English*]

fumigation. I don't know the term in French.

[*Translation*]

This accord was promised to be signed by the end of 2019. Will this actually happen?

These decisions have hit our exports hard. We are waiting for a decision. Do you think it will come?

Mr. Chris Forbes: Dr. Komal might be able to tell you a bit more, but I would just like to say that we had an Indian delegation here in the fall. They came to see how our system works. We are awaiting that delegation's report and then we can take the next step here in Canada.

Dr. Jaspinder Komal: We are waiting to see what will be in that report. Many countries are faced with the same problems in terms of competitiveness. We have people who are working hard to try to establish relations with India. We would like to find a permanent solution and continue to expand.

Mr. Luc Berthold: Will be possible to do so before the end of 2019, as the minister promised?

Mr. Chris Forbes: We are working on it. We are ready on our side.

The Chair: Thank you, Mr. Berthold.

I would like to thank all of you.

I would like to thank the Deputy Minister, Mr. Forbes, the Assistant Deputy Minister, Ms. Walker as well as Dr. Komal for having stayed to answer our questions.

We have finished the Q and A part of our meeting, but we now have to vote on the supplementary estimates.

As per section 81(5) of the regulations, the committee will now vote on Supplementary Estimates (A) for the fiscal year ending on March 31, 2019 for the Department of Agriculture and Agri-Food.

Is everybody agreed to deal with these votes in one single motion?

Some hon. members: Yes.

CANADIAN GRAIN COMMISSION

Vote 1a—Program expenditures.....\$99,196

(Vote 1a agreed to on division.)

CANADIAN DAIRY COMMISSION

Vote 1a—Program expenditures.....\$99,196

(Vote 1a carried on division.)

DEPARTMENT OF AGRICULTURE AND AGRI-FOOD

Vote 1a—Operating expenditures.....\$23,942,270

Vote 5a—Capital expenditures.....\$4,495,859

Vote 10a—Grants listed in any of the estimates for the fiscal year.....
\$1,000,000

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

The Chair: Shall the chair report the votes to the House?

Some hon. members: Yes.

The Chair: Then I shall do so.

The meeting is adjourned.

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