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Mr. Paul Steckle

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• (1530)

[English]

The Chair (Mr. Paul Steckle (Huron—Bruce, Lib.)): Ladies and gentlemen, we want to begin our meeting.

At this afternoon's meeting we're dealing with the main estimates for 2005-2006, beginning with votes 1, 5, 10, 15, 20, 25, 30, 35, and 40, and also with the report on plans and priorities under Agriculture and Agri-Food Canada, referred to the committee on Friday, February 25, 2005.

We're happy this afternoon and very pleased to have with us the Honourable Andy Mitchell, our Minister of Agriculture and Agri-Food, who will be responding first, I think, with a statement, and then we will have some questions in regard to the estimates. We will have the normal procedure of going from one side to the other.

I believe we have allotted one hour for your presence here.

Yes, Mr. Bezan.

Mr. James Bezan (Selkirk—Interlake, CPC): I have a point of order. Are we going to go with the regular seven minutes to start off, or are we going to go with five minutes, in the interest of time, and try to get as many—

The Chair: We will probably go with five minutes, at the concurrence of the group here. I think we'll likely have that.

Some hon. members: Agreed.

The Chair: Yes, it's five minutes.

Mr. Mitchell, without any further delay, you're on.

Hon. Andy Mitchell (Minister of Agriculture and Agri-Food): Five minutes for the question, or five minutes for the answer?

The Chair: No, we're going to limit the members.

Okay, Mr. Minister.

Hon. Andy Mitchell: Thank you, Mr. Chair.

Let me thank the committee once again for the invite to be here. Also, I want to take the opportunity to thank the committee for the work they are doing and have done in the past. This is one of the hardest-working committees in the House of Commons. I know that you've been doing a lot of work, and I appreciate it.

Before getting into some more specific comments, I'm going to talk about some of the things the committee has been doing. I know that the committee has produced a report on avian flu. There were a number of very good suggestions in there. I will be responding to the

committee on that report directly through you, Mr. Chair, in the not-too-distant future. I continue to look forward to working with the committee as we try to learn from the lessons of the outbreak in British Columbia.

Bill C-40, with a bit of good fortune, will pass through the Senate sometime later this week. Again, my thanks to the committee. Particularly, I wanted to mention the work on Bill C-27. Putting a bill into committee prior to second reading is a positive thing. It places a significant burden on the committee in terms of the work they need to do. I think the committee has very much risen to the challenge.

I know that you're still in the middle of doing that work. I think you have clause-by-clause again on Thursday. It's been good work on behalf of the committee with respect to the witnesses and some of the things coming forward.

Generally speaking, we are taking two separate approaches as a department, both of which are reflected in one form or another in the estimates. First of all, there is the importance of ensuring that there is liquidity within the industry, providing financial support in the short-term to producers.

Second, there is the importance of pursuing transformative change. It's necessary not only to provide income support through difficult times, but also to work towards fundamental changes that would assist the industry in being more profitable.

The primary objective for us has to be to ensure that producers get a reasonable return from the marketplace and earn a living in farming. That's the overriding objective we are trying to pursue.

The issue of liquidity is particularly important in the context of the last couple of years. The producers are not getting a positive return from the marketplace. That was the case last year. Predictions are that it'll be the case again this year, making it all the more important that we deal with the issue of liquidity.

As you are aware, we have some statutory programs in place to address that. The CAIS program, which I know this committee has discussed on a number of occasions, has to date provided producers some \$1.6 billion in payments. That's a significant amount. In respect of payouts, CAIS is running beyond original expectations. That's not surprising, given that it is responsive to farm income situations.

We also have the production insurance program in place, as well as the AMPA program, both of which are assisting producers as they deal with cash issues.

In addition, we have provided income support through ad hoc programs. Last year, through the TISP program, we provided close to a billion dollars. This year, through the CFIP program, when it is completely rolled out, it will be close to another billion dollars.

With respect to the CFIP program, we have produced or sent out around 230,000 payments totalling just under \$700 million. That was done within three and a half weeks after the program was announced. On the BSE issue, which we've been dealing with on an ongoing basis, we've now provided in excess of \$2 billion in assistance to producers.

● (1535)

At the same time, I believe it is important that we go beyond simply the income support side of things. It is important to take a look at some of the transformative changes, as some of the basic things that need to take place. Part of that, on the beef, cattle, and other livestock side, is through our repositioning strategy. A number of component parts to that have been put in place. Our set-aside programs under that have worked well. They have seen a significant recovery in the price of both fed and feeder animals.

We've worked with the Government of Alberta to contribute to the legacy fund that the industry is establishing. Capacity now is just hitting 85,000. By September of this year it should be at 91,000. That's up considerably from where we were back in May two years ago. We continue to make good progress in that respect. We are also working in respect of the U.S. market—I know that issue came up today in question period—in dealing with the legal actions taking place in both the appeals court in California, as well as the court in Montana.

I will remind colleagues that unlike many of the disputes with the United States, this is one where both governments share exactly the same view and the same perspective. Both governments wish to see the border open and trade regularized between the two countries, and we are working together through the legal challenges we face.

I also want to note the work that the parliamentary secretary, Mr. Easter, is doing on the issue of farm income. That is one of those transformative change pieces that is being worked on, and I believe it's very important to the long-term sustainability of Canadian agriculture.

The WTO negotiations are also critical to Canadian agriculture in some of the changes we would like to see. It is critical for Canada that we have a rules-based trading system that is open, transparent, and measurable, and at the same time gives Canadian producers the opportunity to choose the domestic marketing regimes they wish to employ.

I should mention as well about the APF panel. The APF review panel has now been put in place, has met, and is doing its work. We are also taking a look, through a number of avenues, at our review of business risk management. That's engaging ministers at both the provincial and the federal levels, as well as the industry level. That is to deal with the case program as well as other business risk management programs, and some of the changes that have been suggested in that respect.

So rather than spending a lot of time giving opening comments, I'd be delighted to answer questions from the committee members.

The Chair: Thank you very much, Minister.

Before we take questions, I want to introduce our people from the various departments. From the Department of Agriculture and Agri-Food we have with us Christiane Ouimet, associate deputy minister; and James Roberge, director general, finance and resource management services, corporate management. From the CFIA we have Richard Fadden, president; and Gordon White, from corporate services. Thank you very much for being here.

We will begin our questioning.

Ms. Finley.

Ms. Diane Finley (Haldimand—Norfolk, CPC): Thank you, Mr. Chair.

Thank you, Minister, and the rest of you for coming today and taking time out of your busy schedules. I very much appreciate being able to ask you questions directly.

Minister, you have spoken often about transformative change and the need to move things forward. To my way of thinking, one of the aspects of change is research and development to position ourselves better for the future, whether it be on new products, new technologies, or new approaches.

I'm wondering then how much we are spending on our agriculture research stations. It has been beyond me to be able to find out about the funding for them, either past, present, or projected.

● (1540)

Hon. Andy Mitchell: Specifically on the research stations, I can get you that figure. I don't have it right with me.

Ms. Diane Finley: I'd appreciate that.

I'm also wondering if you could take a look at how many there have been. We've heard a lot of announcements in the last six, eight, or ten months about change in how they are structured, for example in Newfoundland, Manitoba, and New Brunswick, and what the planned changes are for those.

Hon. Andy Mitchell: I think I understand the question you're driving at, Ms. Finley. Let me put it to you this way. Our objective is not to decrease the investment we make in science. In fact, we want to make that investment more effective.

One of the issues you need to address is the cost of your overhead—the cost of your physical plant. One of the commitments I've made very clear in Newfoundland, Nova Scotia, Manitoba, and Ontario is that we intend to continue to do the science we've done in the past. Our objective is to try to reduce the overhead, in completing that objective, so we have additional resources for science.

So the exercise we're going through is not an attempt to decrease the amount of science we do, but to make it more effective and actually increase it. So if we can find partners and share the physical plant with those partners, that's an example of how you can do it. If you can house a number of scientists in the same location, as opposed to a number of locations, that may assist savings.

You have to balance that against the fact that some of the research we do is very site-specific, so if you're developing cold-weather crop varieties in Newfoundland, you're probably going to have to continue to do that research there. But within the island, if you can do it more effectively and efficiently, that's something we will certainly entertain. Through discussions with the province and the industry in Newfoundland, using that example, we're working on how we can be most effective.

Ms. Diane Finley: Would it be possible, Minister, to be provided with funding levels past, present, and projected for agriculture research stations across the country, along with the staffing levels, broken out not just by totals but including scientists, so we can get a perspective on what's happening with the dollars?

Hon. Andy Mitchell: I'll say yes. I don't want to promise something my officials can't deliver, but that shouldn't be a problem at all. In fact, what I suggest we do, perhaps after we're finished here formally, is have a discussion with my officials so we make sure we're developing a chart that's exactly what you need, as opposed to missing it and going back at it.

Ms. Diane Finley: Thank you very much, Minister.

The Chair: Madam Rivard.

[Translation]

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): Thank you, Mr. Chairman.

I want to thank the Minister and the other witnesses for being here.

On March 29, 2005, the federal government announced funding of \$1 billion for the Farm Income Payment Program, to assist Canadian farmers. Prior to that, it had announced an additional \$488 million in funding under the Repositioning the Livestock Strategy, \$930 million under the Transitional Industry Support Program, and a \$104 million expansion in cash advance programs to assist those affected by the BSE crisis.

Although these ad hoc programs addressed emergency situations, was not the CAIS program introduced as a move away from ad hoc assistance programs?

[English]

Hon. Andy Mitchell: You're right, the CAIS program is designed to deal with income support issues. That's why it's paid out close to \$1.6 billion within the last year—or less than the last year.

One of the realities is that we've been faced with what one would not expect to be the average performance or result in the farm sector. We've actually seen negative farm income. We've seen a number of contributing factors, BSE being a critical one, and the commodity prices. We've had drought. We had a very serious frost in Saskatchewan at the end of last summer. Farm income has been at such a low level that it's been necessary to provide some additional

support. So part of what we did at the end of the fiscal year that just passed was provide that additional program through CFIP, which is close to \$1 billion.

Now, at the same time it's also important to deal with some of the underlying issues that are happening. Some of them we can't do much about. It's difficult, certainly in the short term, to deal with drought. There's probably nothing you can do about frost. Those are things that have an impact. But there are other things that we can do something about. So for instance, in terms of commodity prices and the impact that our trading relationships have on commodity prices, that's something we need to work on in terms of arriving at a reasonable accommodation through the WTO that provides a rules-based system that is open, transparent, and measurable so we can try to deal with some of the underlying causes in that respect.

It's the same thing in terms of the livestock industry. Obviously, there are income support measures we need to take, but at the same time it's also important to try to reposition the industry so it's not as susceptible to the closure of one major market. I think it's going to be difficult to take away the impact of that one market in its entirety, but I think it does make good sense to try to diminish our reliability on that market.

So really, there are two different sets of things that are being done. One is an income support side. The other is trying to deal with some of these long-term transformative change issues.

● (1545)

[Translation]

Ms. Denise Poirier-Rivard: Does this mean that the CAIS program is not adequate in meeting the needs of farmers?

[English]

Hon. Andy Mitchell: No, I think it very much meets farmers' needs. I think in the context of some of the things that we faced in the last couple of years, particularly in terms of BSE, which has caused a significant problem, it made sense to have some additional programming to try to address it. So it's a supplement to, not a replacement of, the CAIS program.

[Translation]

Ms. Denise Poirier-Rivard: Minister, you talked about the new FIP program. Could you explain what that program involves?

[English]

Hon. Andy Mitchell: I'm sorry, which one? The CFIP program?

[Translation]

Ms. Denise Poirier-Rivard: Yes.

[English]

Hon. Andy Mitchell: The CFIP program is the payment that you reference from March 29, this farm income program. The program is divided into two components. It has a direct payment, and it also has a per-head payment.

The direct payment is based on a five-year average. It's 4.4%, I believe, of a five-year average. Then the per-head payment is a set amount for cattle, and other ruminants have participated in it as well. Depending on the type of ruminant, there's a specific payment.

The intent of that program is to have 80% of the payments go out immediately and the last 20% go out in the fall. In fact, I think about 72% or 73% of that money has already been disbursed, about \$696 million from the last indication that I had.

In designing the program, one of the things we wanted to do was to make it as simple and straightforward as we possibly could so that producers could receive their money quickly. In that sense, it's been successful. We have been able to move the money out and get it into the hands of producers in short order.

The Chair: Time has expired.

Ms. Ur.

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): I want to thank everyone for coming before the agriculture committee today and providing the chance to ask questions of the minister and Mr. Fadden.

In section III of Agriculture Canada's plans and priorities, the indication is that business risk management amounts are to decline year over year in 2005-06 and up to 2007-08. What is the reasoning behind that projection?

• (1550)

Hon. Andy Mitchell: Generally, the business risk management amounts are set based on an estimate of where farm income would be, because business risk management programs are responsive to farm income. The reality is, as we move into the actual year and face what's taken place, we end up exceeding what had originally been budgeted in those respects. We're prepared to do that again. If farm income continues to be at the lower levels we've experienced, then we will be making sure that our programs respond.

I mentioned something the last time I was in front of the committee, and I think it's an important thing to remind folks of. I know people here have criticisms of the CAIS program. Fair enough; we try to respond to those and we collectively try to work through them. But one of the very positive things about the CAIS program is that it is a statutory program. It's there; it doesn't need to be re-announced every year or added to. Basically, if you fit the parameters of the program, then it responds to you. That's one of the reasons why you see those numbers move up throughout the year. There's an estimate where you would start; then, depending on the results in the industry, you'll end up going over that.

Mrs. Rose-Marie Ur: I was hoping your answer to my first question was that you anticipated; that you had a crystal ball showing that commodity prices were going to go up, and we weren't

going to have to have more money from the program. Hopefully that will be right.

Basically, you're answering my second question before I asked it. We have \$5.5 billion in the agricultural policy framework. I know this is a statutory program and we don't have to go back if we need extra money, but what happens when we hit the target of \$5.5 billion over five years?

Hon. Andy Mitchell: Then I suspect I and my colleagues around cabinet will be having a discussion.

Mrs. Rose-Marie Ur: That's good. You've been fairly productive until now, so we'll think positively.

On another concern, regarding Kyoto, what do you feel in the agriculture department will be the costing for Kyoto, taking into consideration, I hope, that farmers get fair credits for carbon credits through Kyoto, and not just large industries.

Hon. Andy Mitchell: I think you make an excellent point. Agricultural producers can and should in fact benefit through the Kyoto plan. Project Green, which was announced by Minister Dion, addresses the issue of agriculture and the opportunities agriculture can undertake in achieving our objectives. It speaks to a very important reality. Agricultural producers across Canada are important stewards of the land, and how we deal with the land can have a very significant impact on our climate and on climate change. Working with producers makes good sense as part of Project Green.

Mrs. Rose-Marie Ur: I certainly agree with that too.

Also, I wasn't aware, until I was reading through information, of the National Land and Water Information Service. It's going to be implemented over four years, beginning this year. I don't know a lot about that particular service. Would it have anything to do with monitoring stations in waterways? I have a situation in my area where we have a lot of chemical spills in Sarnia. It hits our waterways going down to Walpole Island First Nation and Wallaceburg. Is there money available through that program? Is that what that program is about?

Hon. Andy Mitchell: I would have to check for you, Mrs. Ur, and I will do that and get back to you in the next day or so.

Mrs. Rose-Marie Ur: Thank you.

The Chair: Time has expired.

Now we move to Mr. Angus.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you, Mr. Chair.

Thank you, Mr. Minister, for coming today.

I'd like to go back to the questions asked earlier about our commitment to research, specifically the decision to shut the research farm at Kapuskasing. To me, it sends a really clear message in Ontario that as it becomes harder and harder to farm in southern Ontario, because of the high land prices and the zoning problems, we have huge zones in northern Ontario that could be utilized. But your decision to shut that plant to me sends a signal that this government isn't moving forward with any plans for opening up northern lands that could be used. Guelph is not northern Ontario, and the conditions near Guelph don't come close to the conditions in Kapuskasing.

Will you re-examine this closure, yes or no?

Hon. Andy Mitchell: First of all, let me say that New Liskeard is part of northern Ontario, and part of what was scheduled to be in Kapuskasing is there. As I said in my response to the first question, it is not our intent to reduce science, nor is it our intent to reduce the type of science we've done. I've indicated that I will take a very close look at the issue in Kapuskasing, and if there is site-specific work that absolutely cannot take place anywhere else, then we'll have to take a look at that, and that's something we've done throughout. Again, and I think you would agree with me, if we can accomplish the same research for less cost and use those savings to invest in additional research, that makes good sense, in my view. On the other hand, you do make a good point, and I made that point in terms of the Newfoundland example. If you're trying to develop crop varieties that grow in Newfoundland, you have to do the research in Newfoundland. So you have to balance it. It's not just simply being able to achieve those savings. You also need to take into account if there are some site-specific things you need to deal with.

• (1555)

Mr. Charlie Angus: For Kapuskasing, then, the only reason that you guys would revisit that closure is if there is something specific being done in Kapuskasing that's not being done anywhere else?

Hon. Andy Mitchell: No, that's one of the component parts. I indicated this in all of the closures, because closures are never an easy thing to do. Even when it makes good economic sense, even when it makes good scientific sense, it's not an easy thing to do. In all of the cases where there have been issues raised locally, I've indicated that we will work with the industry, we will work with other partners who work with provincial authorities to see what the best options are to move forward. We'll do that in the case of Kapuskasing. We're doing that in the case of Nappan, and we'll do that in the case of St. John's. On the issue in Winnipeg, it would appear, from what I've heard, that all of the folks who are involved in that process are very comfortable with the plan to move forward.

Mr. Charlie Angus: In terms of your position on having rules-based trade, for seven years the dairy producers have been trying to get action on labelling standards, and we do have tools to deal with this flood. We have article 28 of the GATT. From my sense in question period, you're not willing to go there yet. So let's look at the other option, which is using the CFIA to tighten labelling requirements of what's coming into Canada. Can we get any concrete commitments from you or from CFIA to take action on that?

Hon. Andy Mitchell: We've worked very closely with the Dairy Farmers of Canada and the CFIA on the issue of labelling.

I'm going to turn to the president. I think we're very close in coming to an agreement. I don't want to characterize it as an agreement, but as a consensual position, where everybody's comfortable with the way to deal with this issue. I think we're extremely close on that.

We've also had some good discussions with them on the whole issue of standards. As you know, the government has in fact signalled its intent to appeal the CITT decision, which deals with one of the specific commodities in question. We've done two things, as well, with the CITT. Depending on the ruling that we get, if the logic would dictate that this item should be reclassified, we're obviously going to ask that this be looked at with the same logic that's applied in classification to similar products. I think that would be a reasonable thing to do. At the same time, the border agency has agreed to implement monthly monitoring on these products so we and the dairy farmers can in fact understand exactly what the impact is. That's important for me and for my colleague, the Minister of International Trade, to have that kind of information in real time as we're making decisions about what tools to utilize, and in what timeframe to utilize them.

The Chair: Okay, we must go to Mr. Bezan, for five minutes.

Mr. James Bezan: Thank you, Mr. Chair.

Thank you, Mr. Minister, for coming in to see us again.

As you know, I am a cattle producer, and we have quite a lot of hurt going on at the farm gate for the primary producers, specifically the guys in the cow-calf business and sheep producers, bison, elk, goats. I just don't see a lot of new initiatives that really help at the primary level, particularly in light of the fact that we have another memorandum in front of Judge Cebull to shut down the entire border. I'm just wondering what contingency plans you might have to counteract that. We know that Judge Cebull could make a decision rather quickly. What are we going to do when that comes? We're going to see the kill drop significantly if we can't move the product across. Americans eat more beef than we do here in Canada.

• (1600)

Hon. Andy Mitchell: Well, there are a number of things that we're doing, Mr. Bezan.

First of all, I should say that in the last ten days I've met twice by phone with my counterpart in the United States to discuss the court case and potential outcomes from it. As you're probably aware, taking place yesterday and today is our beef value round table, which is being utilized to consult the industry specifically on different options that we may want to consider, depending on what may or may not occur. I think the industry needs to be an important part of this.

There are also discussions in respect of what legal action could be taken immediately if an adverse ruling were to come down, and the kinds of timeframes that would be required in order to achieve some relief from such a ruling.

Of course, there's work obviously within the Department of Agriculture and CFIA on contingency plans should an adverse ruling come down. So clearly, we're working with the industry, working with the Americans, and working within our own house developing contingency plans.

You make the point—I think it's a good one—that now, and not the day a ruling would come down, is the time to be considering these issues. You can rest assured that's in fact what we're doing.

Mr. James Bezan: One of the programs that we've had in the past for dealing with this has been a set-aside program. That set-aside program is actually going to be contributing to our problems if the border does shut down to boxed beef. We will have a delay in marketing because of the set-aside program. We aren't going to know when other measures will possibly come into effect to reopen that border.

What's the likelihood of continuing on with that program? What other initiatives are we going to be looking at to make sure that we keep people on the farm, and that we help them get through this crisis?

Hon. Andy Mitchell: We will evaluate the appropriateness of a successor set-aside program based on the situation that we anticipate will exist. I think it's important to make a distinction between the fed and the feeder set-aside programs. Each is trying to accomplish something different. So you may come up with a different analysis at the end of the day on either program. I think it is important to take a close look at those.

We're doing that with the industry. The industry has its perspectives. Even within the industry there are different perspectives on how the program should run or whether there should be a program. But in fairness to it, the fed program and the feeder program have both contributed to increased income for producers from the marketplace, where we'd like to see it.

You make a good point. We are working with the industry to evaluate the type of successor programming or program that should move forward. In large part that's going to depend on the situation that we face at that time.

Mr. James Bezan: Okay.

On the TISP program that we ran, transitional industry support program, where we had payments, and the last one was based upon 2003 inventories, are we looking at making use of that program again based upon current inventories, in the event that we have a continued downturn in the market?

Hon. Andy Mitchell: Well, the CFIP program that we announced this year was very similar to the TISP program. One of the development criteria is to ensure that we can maintain it as a green program. That's something we've worked hard to do.

The specific nature of future programming is going to depend very much on the specific context of the marketplace as we move forward. Obviously, the desire of everybody around this table, and I

suspect everybody in this room, is to deal with a marketplace that sees a regularization of trade between Canada and the United States, and indeed in our markets around the world. That's what we are working towards. However, we also have to be cognizant of the fact that it may not be the case, and that we need to prepare for that. The specifics of that type of programming are going to depend very much on the nature of the marketplace at that time.

•(1605)

The Chair: Thank you, Mr. Bezan.

Go ahead, Mr. Drouin.

[*Translation*]

Hon. Claude Drouin (Beauce, Lib.): Thank you very much, Mr. Chairman.

Minister, ladies and gentlemen, thank you very much for being here today and giving us this opportunity to talk with you and work together to find solutions to help our agriculture industry.

We are all aware of the difficulties the agricultural sector is currently facing. Something that is adding to the problems of dairy producers in particular are the current WTO negotiations. Mr. Angus touched on this. I really liked your answer, Minister. You said that even as we negotiate at the WTO, we can use other means to support our industry. He talked about the labelling of dairy products. You showed an openness to that and said that work is currently underway in that area. There was another point as well, and we have already discussed that—it relates to standards for cheese products.

A few weeks ago, dairy producers organized a demonstration. We were told that some cheeses contain almost 100 per cent non-dairy products and that those cheeses are being sold at the same prices or even higher prices as cheeses containing dairy products. That certainly doesn't help our dairy industry. I think it's important to make Canadians aware of what they're eating and help them realize for themselves that some cheeses are not made with dairy products. This all has to do with proper identification of dairy products. Minister, I think we can work together to help our industry. At the WTO, we are somewhat isolated because you are mounting a vigorous defence of supply management. We very much appreciate that. But while all of that is going on, would it not be possible to help the industry through these other measures? I'd be interested in hearing your comments.

[*English*]

Hon. Andy Mitchell: You're exactly right, Mr. Drouin, and that's why we are in the process of having ongoing discussions, both on the standards issue and on the labelling issue. The dairy farmers have indicated that those are issues they would like to see us address, and we will.

I know that the CFIA also, if it receives a complaint in terms of misleading labelling, does have the ability to seek redress in that particular case.

You mentioned the WTO. One of the things I want to mention is that we're trying to get a result from the WTO that is good for all of Canadian agriculture, both from the supply management side and for those producers who depend on export markets.

If I could, just for a minute, speak about the supply management side, as you know, supply management, in and by itself, is not on the negotiating table, but the ramifications of what we do can have an impact on it.

You used the word “isolation”. I think it's important that we move beyond simply being isolated. We cast it in the context of saying that if the WTO is going to be successful in its conclusions, then all countries need to come away from those negotiations feeling that their issues and their concerns have been addressed.

I think the way we break out of isolation is to make the point to all the countries that although the specific issues may be different from country to country, the reality is that there needs to be flexibility in a final agreement that allows countries to deal with their particular sensitivities. We need to move away from the idea that we're all by ourselves and say, as a group of nations—148 nations—that we all have particular objectives and we all have some broad objectives we want to achieve, and Canada's very committed to achieving them. But we also need to work towards understanding that we all have our own specific issues. We need to be sensitive and we need to be flexible in an agreement that allows everybody to address that.

That's an approach I think is important for us to take.

[*Translation*]

Hon. Claude Drouin: Thank you, Minister. You are absolutely right. Indeed, other countries do have sensitive productions, and we have to work with them to find some way to harmonize the way agriculture operates throughout the world.

I would now like to talk a little bit about the CAIS or the Canadian Agriculture Income Stabilization program. Correct me if I'm wrong, Minister, but the program seems to operate on the basis of periods when losses are less significant but ongoing, the program is not as helpful, and does not assist grain or horticultural producers, for example. Would it be possible to review the program and make certain adjustments, so that these producers can also take advantage of it? I have had discussions with people operating a business in these sectors, and it would seem that this is an issue.

• (1610)

[*English*]

Hon. Andy Mitchell: We've acted on a number of suggestions in terms of looking at the CAIS program and dealing with different aspects of it. We have a CAIS committee in place now. We have an APF review committee, which takes a broader look at the whole APF. And federal and provincial ministers are very engaged.

We had a discussion, I think, when we were here last time, on the issue of deposits and the CAIS program, but there are issues in terms of other aspects of it. There's inventory evaluation, and taking a look at simplifying the process. There's the whole issue of interim payments, whether or not you want to be able to trigger interim payments in a more straightforward way, or, if the current system works, whether you want to see all provinces participate in interim payments—they don't now—as part of it. There's the whole issue of the types of reference margins you look at.

So there's a whole series of component parts of it that people have suggested we may want to look at. We've been very open to

suggestions. CAIS is a relatively new program. It was put in place for the 2003 year, and payments began last year for the first time. I think there's a willingness to learn from our experience and to make it even better.

[*Translation*]

Hon. Claude Drouin: Thank you.

[*English*]

The Chair: Mr. Gaudet.

[*Translation*]

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chairman.

You are probably aware that I am the one who that tabled the motion on supply management. What steps do you intend to take to protect supply management at the WTO negotiations?

[*English*]

Hon. Andy Mitchell: I think I addressed some of them in the previous question. Certainly I think that indicating in negotiations the importance of achieving the objectives by allowing individual nations to have some flexibility in the approach they take would be one way of doing it. The whole issue of being able to establish certain commodities as sensitive products is another approach we want to take.

Going back to my other comment, I think the overall approach we're going to take is to say to all of the countries involved in these negotiations that we all have a common set of objectives, and we'll all try to pursue that, but at the same time, we all have individual issues, and it's important, as we try to reach broad consensus, that we also understand the importance of individual situations.

The other thing we do, and I think I may have mentioned it to this committee before, is that unlike a lot of other countries, we maintain very close dialogue with the industry. They're with us at the negotiating sessions, sometimes 30 or 40 different representatives, which means we have an opportunity for dialogue on an ongoing basis, in real time, as we're pursuing the negotiations. So that's another opportunity.

I think it was just last Thursday that we held a round table here in Ottawa, with a large number of producer organizations and others, to give them an update on where we stood as well as to receive feedback from them.

So keeping the industry, all component parts of the industry, involved is an important part of achieving our objectives.

[*Translation*]

Mr. Roger Gaudet: Thank you.

I agree with you. Farmers and dairy producers from Quebec and Ontario came to see us this week and last week. MPs from Quebec and Ontario probably saw the same thing: pouches of powdered milk that were brought to their offices.

Minister, non-dairy products are flooding across our borders, and Quebec and Canadian dairy produces are suffering as a result. What is your position on this? At some point, we are going to have to put a stop to it, because otherwise our producers' businesses will go downhill. At the present time, 48 per cent of the ice cream that we eat contains no dairy products whatsoever. What steps do you intend to take to put a stop to this? It is simply unacceptable.

Those five production sectors are not costing the government anything at this time. At some point, our producers need help. Otherwise, they will do what others have done: they'll put the key in the door and turn their business over to the banks or to agricultural committees.

• (1615)

[English]

Hon. Andy Mitchell: The dairy farmers and the other four supply-managed sectors have indicated something very important to us, and that is, we should achieve an outcome in the WTO negotiations that will allow them to choose their domestic marketing system, namely supply management. Beyond all else, as the most important objective, that's what it is. Given that, it is incumbent upon me as the minister and upon my colleague the minister of trade, in working with the industry, to utilize those strategies, in both the strategies we choose and the timeframes in which we choose to use them, that are most likely to achieve that overall result. That's the governing basis upon which we're trying to move forward in this period of time.

At the same time, though, there are issues—we talked to Mr. Drouin about this—that are specific irritants to dairy producers with respect to labelling, to standards, and to the appeal on the CITT. We're trying to have an understanding of the exact impact of what the dairy farmers classify as incorrectly classified products and to determine the impact as we move forward. On a broad basis, it's about achieving the desired result from the WTO negotiations. There are three or four specific areas where the dairy farmers have asked us to do some work with them, and we are proceeding very vigorously with them on that.

The Chair: Your time has expired.

We'll move to Mrs. Ur for five minutes.

Mrs. Rose-Marie Ur: There's a difference of roughly \$52 million in the main estimates between 2004-05 and 2005-06, an increase. Where's the greater portion of those dollars going, Mr. Minister?

Hon. Andy Mitchell: It's in a range of different areas; I won't get into the specifics. In some respects it's for increased resources to deal with some of the farm income issues we've had, BSE or general ones, as we provide the necessary support programs. There is a whole range of things that have moved up, and we do have a list of the specific ones. Before the meeting is over, Ms. Ur, I'll table that with you.

Mrs. Rose-Marie Ur: Also, there's "Contributions under the Career Focus Program". I know I'm being a little bit specific when

I'm asking these questions, but you have all these worthy people around you, so we'll put them to work as well. Does that include 4-H program funding? It's because I am continually asked this when I have Federation of Agriculture meetings. They thank the provincial government but I do know we contribute to 4-H, and I just wondered what it fell under and how much it was.

Hon. Andy Mitchell: The 4-H is supported through the renewal part of the APF, so we do provide funding. It isn't through that program, but we do support 4-H.

Mrs. Rose-Marie Ur: Do you know to what extent?

Hon. Andy Mitchell: I will get you the exact amount.

• (1620)

Mrs. Rose-Marie Ur: I have read your material, so that's why I'm asking a few of the questions. There's also "Contributions for agricultural risk management—Spring Credit Advance Program..." The projection seems to be a little bit less, compared to what it was last year. Is that an indication fewer farmers have taken advantage of that program? What is the reasoning behind that?

Hon. Andy Mitchell: It is a demand-driven program, so the estimate as to how much would be used would be based on projected demand.

I should mention at this time, though, that one of the initiatives that was indicated in the budget is that we will move on reforms to the advance programs, extending that into the livestock sector. One of the things is—and I don't know whether you hear the same thing from colleagues—it's a program producers generally value and see as an important one, and we're trying to expand its reach.

The estimates for the current year would be based on estimates of demand.

Mrs. Rose-Marie Ur: Also, I'm looking under "Program by Activity" and I see "Rural and Co-operatives Secretariats". Can you explain what that department is all about?

Hon. Andy Mitchell: I could spend hours explaining that department.

Mrs. Rose-Marie Ur: In two minutes?

Hon. Andy Mitchell: The Rural Secretariat, that was the area I had responsibilities for when I was secretary of state. Generally speaking, it is the facility within the government that tries to bring a horizontal perspective on rural issues. So in other words, my belief is, and the secretariat's belief is, that issues involving rural Canada don't neatly fit into one particular department. Obviously agriculture is a big part of rural Canada, but there are other component parts. Natural Resources has a big part of it. Fisheries has a big part of it. Industry Canada has a big part of it.

And part of what the Rural Secretariat does is try to apply something called a rural lens, which is to ensure that my colleagues in moving forward with policy developments, or responding to the issues of the day, or on regulatory issues, take into account that the challenges we face in rural areas of this country are very often different from the challenges that are faced in urban areas, and as such your public policy prescriptions sometimes need to be different.

Generally speaking, rural and urban Canadians have the same broad objectives in terms of what they want to accomplish, but because of things like geography, or low population densities, or the cyclical nature of a resource-based economy, or the distances from market, oftentimes you need to address issues differently in the rural context than you do in the urban context.

And much of the work that the Rural Secretariat does is to provide that horizontality, also to do work in respect of trying to understand the implications of some of those differences that exist in urban and rural Canada, and as an example one of the things that the Rural Secretariat advocated for very significantly, even though it didn't fall within Agriculture Canada, was the development of an infrastructure program that was targeted at rural and smaller cities, and in fact that program was eventually created, and is now being delivered, in many of the provinces across Canada.

So that's an example of the type of thing that the Rural Secretariat does.

The Chair: Sorry, our time has expired. Our clock is running, and we must conclude with our last two questioners.

I'm going to give the last remaining time to Mr. Miller and Mr. Anderson.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you, Mr. Chairman.

Thanks, Mr. Minister, for being here today.

Earlier, Mr. Mitchell, you touched on the CAIS program, and of course we know that it hasn't worked as well as it could; even though we got some money out there to some of the farmers, the vast majority didn't receive any. Now it's been operating for about two years, and the allocation in those two years has nowhere nearly been used. Could you show me in here, in our estimate book, exactly which line, where it shows where that surplus was brought forward?

Hon. Andy Mitchell: First of all, I don't believe the premise of your question is correct, and I'm going to ask perhaps somebody to join me up here. The reality is that CAIS is being paid out at a greater amount than what we had anticipated it would be, and in fact payments for the year 2003-04 and the special advances that we've done total almost \$1.6 billion.

I think I have a little bit of a disagreement with you, and that's fair enough, and it has to do more with approach than I think anything else. I'm willing to accept that we want to try to make any kind of programming we have work in the best possible way, and that as a minister, simply because I happen to be the person administering it, I'm not going to take the position that it's always perfect and I'm not willing to listen to criticism. On the other hand, I think it is unfair to say that CAIS is not getting to a large number of people, or that it's not being fully availed of, because in fact it is.

Do we want to have additional penetration in CAIS? Do we want to get more people signed up on it? Yes, we do, and that's why we are addressing things like the deposit, why we're addressing things like simplification processes. It's why we're addressing things like how we do the interim payments and inventory evaluations so that we can in fact make it a more attractive program so that even more producers participate in it. But CAIS does provide a substantial amount of assistance to a large number of producers in Canada. That's the reality.

• (1625)

Mr. Larry Miller: My riding is obviously, then, an exception. Although we are getting out to a large number—you can put it that way—there's a large number who aren't getting the benefit out of it simply because it doesn't work with the flaws. It's not all wrong, but it's far from being all right.

In terms of these surpluses, we do have the discrepancy in the figures. Any surpluses in a given year should be brought forward, and they shouldn't be used to offset the allocation for the next year. And if you're not going to add them to the thing, they should at the very least be put in some kind of a disaster fund or trust fund or something to be used down the road.

I'm going to turn it over to my colleague here.

The Chair: Some of these tables certainly confirm—

Hon. Andy Mitchell: I was just confirming this. The CAIS program, unlike other programs, is an envelope where if you have unused funds in one year under CAIS, they'll move into the next year. Its funding doesn't lapse and go back into the consolidated revenue fund. So that's, again, one of the features that was developed in the new CAIS program.

Larry, what I'll do is have somebody go through the numbers with you to make you comfortable with them, so you can relate it to the specific lines.

The Chair: Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Okay, we don't have too much time here, but we'd started by talking about research stations and money for research at the beginning of the hour, and I guess I'd like to conclude that.

Your quote was that we want to make our science investment more effective. I guess I would argue that this has not happened in the department over the last few years. The former deputy minister completely disrupted the administration, particularly, of your research department. It has not recovered. When I'm talking to folks, they rarely know what their research grants are or how they're going to operate with them the way they're given.

Secondly, there's no record of spending—and Ms. Finley brought this up—but I approached your department asking to get some details on spending, in particular, on research stations. Not only did they say they wouldn't give me the figures, but when I pressed it they said they didn't have them. Now you're telling me today that we can get those figures.

I'm wondering why that information isn't readily available. When I look at the fact that the department has basically gutted that section of the department, and then, secondly, when even the funding numbers are not available, I'm starting to wonder what in fact you are doing and how committed you are to research in Canada.

It's been an important area, particularly in western Canada, because the developments that have taken place in those centres have really established some of the success stories that we've had over the past decade. So it's important to continue.

Hon. Andy Mitchell: I couldn't agree more with you about the importance of science in the agricultural field. Part of the whole APF was an understanding of the importance of that feature of it, because if we are going to continue to have a successful industry in the long term, we need to be able to do the necessary science. We need to be innovative in our approach, whether it's in developing a particular crop or a particular way of doing things; that's absolutely essential.

Mr. David Anderson: But what you are doing in terms of the way those departments are being administered right now is basically guaranteeing failure. The people on the ground have no idea, in many cases, what their research funding is, what their projects are, until the last minute. The centralized funding has destroyed the ability to do research in many ways. If those changes that were made by the previous deputy minister need to be corrected, it's important that it's done quickly, because you're going into the third and fourth years of having a part of a department that is not functioning well.

Hon. Andy Mitchell: You touch on one of the component parts. How much of the science budget and curricula—if I can put it that way—do you choose centrally, trying to meet some strategic objectives, and how much of it do you leave to be decentralized, to be done on a regional basis? This is an ongoing debate that takes place.

There are people who will say that it's far more effective to do it in a centralized way, and there are folks like yourself who say—if I'm listening carefully enough—that it doesn't work that way because we just don't get the opportunity to know what we're doing far enough in advance.

In any event, I've asked for a review of how we approach science in the department, and it is being done. I do agree with you that it is critical, and I do believe that it requires my direct attention as the minister, and I've asked for that review to be done.

At the same time, if you wouldn't mind, when we're working with Diane in getting those numbers together—if she doesn't mind, because she's the one who asked the question first—sitting down with my officials so we find out exactly what information is being looked for.... If it's the expenditures from AFC, that's public; we just need to roll up the figures in a way that gives you the information that you want.

• (1630)

Mr. David Anderson: We were just told there were no budget lines on that.

The Chair: Time has expired.

Hon. Andy Mitchell: We'll get something for you.

The Chair: I think the commitments have been made to bring forward the information that's being sought today.

Just before I conclude this portion of our meeting, I would like to have some clarification on the \$3.2 million that is expended for the Canadian Dairy Commission. We constantly hear this in the public sector, that somehow government is still subsidizing the dairy industry. I keep arguing that we are not, and yet \$3.2 million shows here. Is that administrative money for the operations of the Dairy Commission?

Hon. Andy Mitchell: I believe that's just the administrative dollars for the Dairy Commission. If it's anything different from that, I'll get back to you.

The Chair: There's someone in the back nodding.

It would be helpful for all of us, because I think sometimes we come under a lot of scrutiny by the public asking us why we're subsidizing. We're saying we're not subsidizing our SM5 sectors, and when we see this in the numbers, we have to have some argument coming back. So I thank you for that clarification.

Thank you very much, Mr. White, Mr. Fadden, and certainly Mr. Minister for coming today, and Madam Ouimet.

Mr. Roberge, I think you're going to be staying at the table for the next session.

Thank you for coming, and as you take your departure I'm going to ask the new participants to come to the table and we'll begin our next session. Thank you very much.

We'll have a brief pause while we do this.

• (1632)

_____ (Pause) _____

• (1634)

The Chair: I would like to introduce Ms. Mary Komarynsky, assistant deputy minister, farm financial programs branch, as well as Andrew Marsland, assistant deputy minister, market and industry services branch. Also with us is James Roberge, as I mentioned earlier; Suzanne Vinet, assistant deputy minister; and Christiane Deslauriers, acting director general, science bureau.

I presume, Ms. Komarynsky, you're probably going to want to speak first, or is Mr. Marsland going to speak first?

A voice: We have no comments.

The Chair: You have no comments; you just want questions? Okay.

Then we'll begin questioning right away, and we will start with Mr. Ritz, for five minutes.

Mr. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, Mr. Chairman.

Ladies and gentlemen, it's good to see you again. We just never get to do this often enough. We always have more questions than time.

I'm looking on page 77 of the main estimates, voted statutory items listed in the main estimates, and it outlines the whole thing. It talks about operating expenditures, capital expenditures, grants and contributions, and it outlines some program spending. You get right down to contributions to employee benefit plans.

When I crunched those rough numbers, I found that the overhead and administration of the department is 50% of planned spending. Tell me I'm wrong. When I add up the raw numbers here, page 77....

•(1635)

Mr. James Roberge (Director General, Finance and Resource Management Services, Corporate Management, Department of Agriculture and Agri-Food): The bulk of our expenditure is in grants and contributions, so I can't imagine that's possible.

Mr. Gerry Ritz: Sorry.... Give me that again.

Mr. James Roberge: The bulk of our expenditure is in grants and contributions. The operating budget alone, in total, is only a fraction of our total budget.

Mr. Gerry Ritz: But I'm looking at.... I don't know what line number it is here. It just says "statutory", and then it's all broken down into different things. But when I look at the BSE, risk management—that's the CAIS program—it's \$404 million; contributions to business risk management under CAIS is \$451 million; and then there are a few other smaller ones, \$108 million to reposition, and \$65 million with agriculture marketing, and different things like that. But then I start to look at the operating expenditures, capital expenditures. There's another grants and contributions here, and then employee benefits and so on.

I'm trying to make sense out of what is overhead expense and what is actually going out there to front-line producers, and when I crunch the numbers from an accounting perspective, I'm looking at almost fifty cents on the dollar in overhead costs to deliver the programs.

Mr. James Roberge: In 2004-05 the total expenditures of the department were roughly \$4 billion. That's more than what's in main estimates because of additional funding we received in the course of the year.

Mr. Gerry Ritz: Okay.

Mr. James Roberge: For that roughly \$4 billion in expenditures, \$560 million approximately was for operating. That's for salaries and for operating expenses of the department. That's not all overhead, I would argue, in that roughly a third of that amount is dedicated to science alone, the conduct of research. That's part of that same number.

Mr. Gerry Ritz: What I'm trying to break down is what is going to front-line producers. Without them, none of us need be here.

Mr. James Roberge: Other than the roughly \$600 million of the \$4 billion, the rest of it is going to producers, to the sector.

Mr. Gerry Ritz: The basic budget is just a little over \$2 billion.

Mr. James Roberge: No. Additional funding was obtained during the course of the year.

Mr. Gerry Ritz: Right, for the BSE and the TISP and the CFIP and all these other great names. But you're saying you administered those within the framework; there were no extra administration costs?

Mr. James Roberge: There would be small amounts in addition there, but they'd be very modest.

Mr. Gerry Ritz: I would really like to see that breakdown, if that's at all possible, in a way that's readable.

Mr. James Roberge: That could be provided. To give you a sense of magnitude, for BSE there's \$2.8 billion in total funding. There's less than \$50 million for administration.

Mr. Gerry Ritz: Okay.

I've got this latest breakdown from your department. It's dated May 9, and it talks about CAIS. But the numbers don't add up to the \$1.6 billion the minister was talking about. It actually adds up to just over \$1.1 billion. This is for the full 2003 program year, including the 2004 and 2005 advances. The estimated cost was supposed to be \$1.2 billion to \$1.4 billion. So going back to Mr. Miller's question, we've triggered less than one year's anticipated budget, covering off three years so far, and I don't see a line item anywhere. The CAIS program was supposed to be \$1.1 billion a year for five years, and you could draw back or forward or whatever. But I don't see a line item that gives the cumulative total we haven't spent out of CAIS. There should be another \$2.2 billion somewhere. All line items say, "Hey, this is ready to get out to farmers. As soon as this CAIS review is done, we'll be able to trigger all this out because of these changes." I don't see the accumulated amount of money anywhere in a pot. Like, where is it?

Mrs. Mary Komarynsky (Assistant Deputy Minister, Farm Financial Programs Branch, Department of Agriculture and Agri-Food): I'll let Jim explain how the main estimates are written up and where you may find various numbers.

With respect to the sheets you're referring to, the program sheets, when the minister talked about the amount of money gone out for CAIS, he was combining the 2003 program year. So if you look at those sheets, there's over \$1 billion in final payments and \$33.4 million in interims. The reason they're still broken out is that for national CAIS during the 2003 year we're currently at about 90% processing. So eventually those interims will move over and be counted as final payments.

The minister was also referring to the amount of money that went out for the 2004 program year. If you look on your second sheet, you'll see that in interims there was \$279.5 million paid. Then there's the CAIS special advance. We had \$162 million put out in a special CAIS advance. In addition, Alberta put out \$118 million in their special advance.

• (1640)

Mr. Gerry Ritz: So if the province goes over 40%, you still add that into the cumulative total.

Mrs. Mary Komarynsky: For CAIS payments, yes. The Alberta payment was a special CAIS advance within Alberta. They used a different method of calculation, but it is still an advance on CAIS. It's not a separate payment. When you add up all those numbers, they probably come up to the numbers the minister responded to.

As to your second question, you were talking about what happens if we don't spend all the CAIS money. In the 2003 program year, we will have spent over the \$1.1 billion. You will recall the \$1.1 billion is not just for CAIS. It also includes production insurance and the interest component on advance payments. So in the 2003-2004 fiscal year, we'll have spent \$1.4 billion on business risk management programs. In the 2004-2005 fiscal year, we'll have spent \$1.46 billion in business risk management programs. The minister said that these are demand-driven programs. So there'll be some years when we spend more. There will be other years, which we haven't experienced yet, when if we are below the \$1.1 billion it would be rolled over into future years.

The Chair: Madame Poirier-Rivard.

[Translation]

Ms. Denise Poirier-Rivard: The CFIA has completed an intensive process of risk identification and assessment. Key strategic challenges and risks have been identified, as well as specific activities for 2005-2006 to meet these challenges. The Main Estimates cite concerns related to the non-registered food sector. Could you tell me what a non-registered food is?

[English]

Mrs. Mary Komarynsky: Perhaps, Mr. Chair, the question the member has asked could be referred to the CFIA in the second half of questioning.

The Chair: Madame Poirier-Rivard, would you withhold that question until the next half hour?

Ms. Denise Poirier-Rivard: I'd be happy to.

The Chair: Okay.

Do you want to ask a question, Mr. Gaudet?

[Translation]

Mr. Roger Gaudet: Yes. How much have you spent on BSE-related activities? How much money has been paid to farmers and how much money has been paid to the industry to deal with the BSE crisis for those months for which you have figures? I'd like to see the results.

[English]

Mrs. Mary Komarynsky: We had several BSE programs prior to the September announcement on the repositioning. I think the program you might be referring to is the BSE recovery program where we paid out to producers federally over \$444 million.

I think the question is, perhaps, if I'm correct, did we pay out any money to packers? In that program, we did pay out \$15 million to packers.

In the cull animal program, the second BSE program, that was from last year. We did pay out over \$104 million federally to producers. Provinces contributed some money to that as well, and in the transitional industry support program and the farm income payment program, which the minister referred to, the TISP program was done last year, in 2004, and the FIP program was done just recently, as the minister indicated. All of that money went directly to producers.

• (1645)

The Chair: Are there any more questions?

We'll move to Mrs. Ur.

Mrs. Rose-Marie Ur: I thank you for coming before the committee.

I have a few questions regarding the CAIS review. That program has been struck. We've met. We've had one meeting.

Mary, I believe you chaired it.

Mrs. Mary Komarynsky: Yes, I chaired the national CAIS committee. We had a two-day meeting last week.

Mrs. Rose-Marie Ur: In what direction are you going to go on that? Which way are you going to direct that program?

Mrs. Mary Komarynsky: What we presented last week to the national CAIS committee was some of the thinking we've been doing on alternatives to deposits. We presented some preliminary work on the issue of inventory evaluation. We did present some of the work that's being done to simplify the program, and we also made a presentation on a more proactive advance on CAIS.

In the discussions with the national CAIS committee, they have asked that before they can actually make a recommendation, they would like to see the analysis of the work, the impact by commodity of the various options, and the cost. We did not have all that work done for this particular national CAIS committee—it's under way—so we've agreed to have another meeting in the middle of June. It was more of a discussion. They were not at that point prepared to make any recommendations, because they have not seen further analysis, and that's what they've asked for.

Mrs. Rose-Marie Ur: I guess you're the chairperson for that. Do you think cost of production will be part of that discussion with the committee members?

Mrs. Mary Komarynsky: It didn't come up—at least it didn't come up in terms of this past meeting—but the role of the national CAIS committee is to look at the program, and if there are issues within the program, it is that committee's role to discuss them and put forward recommendations.

Mrs. Rose-Marie Ur: Are committee members' names available?

Mrs. Mary Komarynsky: Yes.

Mrs. Rose-Marie Ur: Can farmers get their names so that they can contact members closer to their area?

Mrs. Mary Komarynsky: Yes.

Mrs. Rose-Marie Ur: I've had people asking me if they are going to look at cost of production and more timely payout, and you've already indicated inventory evaluation.

Another big concern with many start-up young farmers is that they don't qualify when we have payouts, as we had with the TISP program. It was evaluated from 1998 to 2002, or 2003. They fell outside that parameter and they weren't able to get any of those dollars.

Mrs. Mary Komarynsky: We can provide this committee with the names of the national CAIS committee members. We did receive their approval to release their names, and they did raise the issue of the farm income payment program, that they would like to discuss the issues you've just raised.

Mrs. Rose-Marie Ur: Is it a costly venture to...? What is it, a 26-member team, or 30? It's quite a few, I know.

Mrs. Mary Komarynsky: It's quite a few. I have the numbers here. There is a provincial representative, a producer representative selected by each province, ten producer representatives who have been selected by Minister Mitchell, an aboriginal producer, and four federal people. I can't remember the exact number, but it's over 30 people.

Mrs. Rose-Marie Ur: Out of what programs does the payment for this CAIS review group come, the dollars to pay for these individuals to come together to review the program?

Mrs. Mary Komarynsky: The travel costs are paid by the CAIS administration in Winnipeg, but all administrative costs, as you know, are cost-shared with the provinces.

Mrs. Rose-Marie Ur: Is there a per diem for them as well?

Mrs. Mary Komarynsky: Yes, there is.

The Chair: Mr. Angus, five minutes.

Mr. Charlie Angus: Thank you.

I see that one of the line items is \$23.6 million for contributions in support of Canadian beef and cattle. So that would be separate from the set-asides, separate from the TISP program, the repositioning of the livestock strategy. So what exactly will this money be geared to accomplishing?

Mr. James Roberge: Specifically, where are you seeing that number?

Mr. Charlie Angus: I'm looking at it here in my shorter version: Contributions in support of the Canadian beef and cattle industry, \$23.6 million.

• (1650)

Mr. James Roberge: For fiscal year 2004-2005?

Mr. Charlie Angus: For 2005-2006.

Mr. James Roberge: I don't know offhand.

Mr. Charlie Angus: Then maybe I'll move to my second question so I don't run out of my time while we wait.

Mr. James Roberge: Pardon me. It is part of the repositioning program.

Mr. Charlie Angus: It's part of the repositioning program?

Mr. James Roberge: Yes.

Mr. Charlie Angus: Because it's itemized that way, does it have a specific function that's separate from the larger strategy?

Mr. James Roberge: It's based on the terms and conditions, so this element of the program is unique, as it were, from the other elements.

Mr. Charlie Angus: What's unique about it?

Mr. James Roberge: These would be payments, I'm assuming, related to...it could be either of the set-aside programs. I'm not sure.

Mr. Charlie Angus: I'm concerned about the issue of grain and oilseeds, because we see continually long-term price distortion because of the U.S. subsidies. I'm wondering if there is any plan to work with that sector of our economy, with our farmers, or are you expecting that those costs, if those losses continue again this year, will just be covered under farm insurance programs?

Ms. Suzanne Vinet (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): They will be covered under the CAIS program. That's why the program was put in place, to look after the variability in income. So there is no other specific program other than CAIS, and other than the FIP payment that they received as part of the March announcement. Part of that was meant to deal with some of the difficulties that the grain and oilseed sector was facing, specifically.

Mr. Charlie Angus: One of the criticisms coming from that sector in terms of CAIS is that CAIS is designed to deal with one or two-year problems, but if the picture in our cycle is becoming a permanent low, then how is CAIS going to be able to address that?

Mrs. Mary Komarynsky: I think, as Minister Mitchell indicated, that's the whole issue of reference margins. If you have a steady three or four years in a row when you have low reference margins, then how CAIS works, unfortunately, is that you're not compensated for that reference margin change.

When the ministers met in March—and I think I've come before the committee before—they raised the issue of reference margins. There is some work currently being done to analyze, by commodity, including the grains and oilseeds sector, the impact on income. We expect that some of that work will be discussed by the APF review committee, because its role is to take a look at all of APF. Ministers have asked that we come back on the whole issue of reference margins.

Mr. Charlie Angus: Okay. So since the estimates are in for this year, and the CAIS review is still ongoing, is there any likelihood that there will be a plan in place to address our going through another year of low prices, as is probably quite expected?

Ms. Suzanne Vinet: I think the minister generally addressed this issue when he talked about the need to look at the long-term issues facing the industry. Part of the tour undertaken by the parliamentary secretary, Wayne Easter, will try to address some of these issues as he works out a plan for the medium- and long-term approaches we're going to be looking at.

In terms of the CAIS committee, a lot of the work we're doing on BRM is trying to get a better handle on some of these issues and on how we can address them in the longer term.

Mr. Charlie Angus: Would there be dollars in 2005-06 that we could put towards that, if this review is completed, if this long-term plan comes forward? Or are we going to have to wait for the next year's estimates?

Mrs. Mary Komarynsky: Well, it's not for.... I think that's going to be a decision, first of all, by ministers.

As the minister indicated, there is money in the CAIS program and the existing programs. I think the minister indicated that all of them are demand-driven. Whether it's the spring cash advance program or advance payments, or production insurance needs are met, as well as CAIS, if the demand is there, whether it's grains and oilseeds or any other sector, because of the statutory nature of the program, from the federal government the money is there.

•(1655)

The Chair: Mr. Angus, your time has expired.

Mr. Anderson.

Mr. David Anderson: Mr. Chair, later this afternoon we're going to be entertaining a motion calling for the Auditor General to audit the CAIS program.

I guess I'm asking if you would welcome the opportunity to work with her on that audit.

Mrs. Mary Komarynsky: When we had the NISA program, the Auditor General did an annual review of our financial statements. So

we would more than welcome working with the Auditor General if she came in and looked at CAIS.

Mr. David Anderson: Okay. I think we're looking at something more than just an annual review, but hopefully she'll take that up.

R-CALF has moved in the States to try to bring forward an injunction on our boxed beef. What have you budgeted to deal with that situation should the worst case arise? What's your response? What are you planning on doing?

I hope the silence isn't indicative of your planning here.

Mr. Andrew Marsland (Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food): Well, perhaps I'll speak to how we're responding in terms of litigation. We have engaged counsel. We've had counsel in place for a number of months in order to prepare.

Mr. David Anderson: Can I ask you to address something before that?

Mr. Andrew Marsland: Sure.

Mr. David Anderson: I'd like to ask you about the financial commitment you're preparing to make, if you need to. Just in terms of the legal side of it, I don't know that it's been very...well, it hasn't been very effective, in fact. Conservatives have been basically forced into a situation where we're interested in and willing to apply for intervenor status, because the government hasn't been able to respond in the way that we think is appropriate.

What financial commitment are you preparing to make to farmers in the event that this injunction is granted?

Ms. Suzanne Vinet: In addition to the payment made in March under the FIP, specifically targeted to the cattle industry, we continue to work with the industry to try to develop approaches on what needs to be done. We're currently looking at further initiatives. Ministers will have to decide on when and how we're going to move with this, but it's being done in close consultation with the provinces and with the industry.

Mr. David Anderson: If I divide the number of farmers we have by the amount of money committed to FIP, I think it comes out to an average of \$3,000. We were doing some calculations earlier.

That's not going to cut it. If this border closes, we're going to have a major disaster in the beef industry, and that won't be even the beginning of a response.

Ms. Suzanne Vinet: FIP was not meant to deal with a potential border closure. It was meant to address the cashflow issue in the winter, leading into the spring, and to reflect those kinds of pressures at that time. As events have been occurring in the cattle industry relative to the BSE file, we've been responding in a timely fashion. We're continuing to work with the industry to evaluate when is an appropriate time, and what kind of intervention is appropriate. This is done in collaboration with the industry.

Mr. David Anderson: I've got a real concern here. We had the foot-and-mouth scare earlier, around 2001, and through to when BSE hit, through to the closure of the border and the inability to get it open on time, and now this threat, I don't believe the government has responded in a timely fashion. They've been late on most of their programs. In fact, for a couple of them, just as the market was beginning to stabilize, they threw money in and destabilized the market that was starting to settle out.

So I'm concerned that I don't hear that you have a plan in place. These folks in the States are moving, and they're trying to move quickly. And I'm not hearing that we're ready to deal with that. I've heard some of these answers before. We need to be ready.

Ms. Suzanne Vinet: There is a financial component in the assistance we've provided to the industry. Mr. Marsland was starting to draft the work we're doing on the litigation side.

Mr. David Anderson: This does not comfort me one bit. I think Canadian producers need to be aware of what they—

The Chair: I'm not sure how this relates to the estimates. Obviously, the question is fair.

Mr. David Anderson: Mr. Chair, the answer to Mr. Ritz was that almost twice as much funding for business risk management was given in supplementary spending than was given in the budget last year. I'm asking for some explanation about what's being committed in a worst-case scenario. We're getting no answer from the government, and we're getting heckled from the government members. That tells me they're not ready to go.

The Chair: Please, please. We're referencing political intentions today, and that's not the reason we're here. Let's direct our questions. Your question was fair, but let's keep the politics out of it.

• (1700)

Mr. David Anderson: I would like to follow up on my questions to the minister. Which one of you is responsible for research stations?

Can I ask you again why the information is unavailable? We went looking for it—line items—trying to determine what funding has gone to these research stations. Is it not available, or is the department just refusing to give us the information?

Ms. Christiane Deslauriers (Acting Director General, Science Bureau, Department of Agriculture and Agri-Food): The way we used to keep the information on individual research centres did not actually address any priorities of the government. The way the accounts are now being kept reflects a different way of measuring the work we do and the outputs we produce.

The accounting system is not set up in such a way that you can easily separate out the numbers for a particular centre. A lot of the projects are national projects carried out in chunks. They are divided

up among a number of centres, so the calculation of what fits into one particular project or one particular commodity is more difficult than when it was based solely on research centre budgets. So it's a form of accounting rather than—

Mr. David Anderson: It's not only a form of accounting. It's affected the ability of people to do the research on the ground. You would acknowledge that, I would hope.

Ms. Christiane Deslauriers: The number of people who are doing research hasn't substantially changed. They have continued to do research. We don't have any researchers who are unoccupied because of the different way of accounting for the budgets.

There is some discomfort among scientists with the way figures are presented, because it's not the way they're accustomed to seeing them. But scientists are carrying on their research. Most of the research projects are ongoing projects that last for more than one year, and none of them have been stopped because of accounting procedures.

The Chair: We have to move on to the next portion of our meeting. Thank you for appearing this afternoon. I believe we have no one from this group remaining at the table, so thank you for appearing and responding to questions.

While you take your leave of the table, I ask the new participants to come to the table quickly so we can continue with our meeting.

Appearing now before the committee we have representatives from the Canadian Food Inspection Agency, who are no strangers to the committee: Gordon White, vice-president, corporate services; Krista Mountjoy, vice-president, operations; Robert Carberry, vice-president, programs; and Gary Little, veterinary program officer, disease control.

Thank you for appearing.

Do you have a presentation?

Mr. Gordon White (Vice-President, Corporate Services, Canadian Food Inspection Agency): No, we don't, Mr. Chair. We're just ready to take questions.

The Chair: Okay. We'll take the questions, and I think Mr. Miller is the first one to begin.

Mr. Larry Miller: Thank you, Mr. Chairman.

On the estimates in your financial tables on page 50, under the expenditures you have “Food Safety and Public Health” and then “Public Security”. Can you explain that line a little bit more?

Mr. Gordon White: The first line relates to our principal outcome, which is our public health outcome, which we are spending a fair amount of money on relative to food safety.

The public security component is the activities the agency engages in relative to the public security initiatives of the government. We're doing inland inspections on containers to allow us to have a higher degree of assurance as to what is going on. We're providing additional lab capacity within our lab structure to do work, to do sampling, to be in a state of readiness.

We're spending that money on those major initiatives under the public security piece.

• (1705)

Mr. Larry Miller: I have a question on that, then. So that figure is basically all the expenses incurred at your laboratories plus any of these, I take it, shipping containers that come in—

Mr. Gordon White: Just for clarification, it's not all the money we spend in our laboratories; it's the amounts of the budget relative to public security, and in our inspection activities as well—those amounts that we are dedicating to improving a level of control and security in the system.

Mr. Larry Miller: I see.

I had asked a question earlier when Mr. Mitchell was here about a figure being carried forward. I notice quite clearly in this one there's a line where it carries forward, so in a standard budget or whatever, you see the line up front. That's what I was concerned about before. Anyway, there's one line you have in here about activities to mitigate the impact of the BSE thing. It isn't a large figure, but I would like a little bit of explanation just how that \$34.5 million was spent.

Mr. Gordon White: I believe you're referring to the \$20 million.

Mr. Larry Miller: Or \$20 million, yes.

Mr. Gordon White: Krista, would you like to take this one?

Ms. Krista Mountjoy (Vice-President, Operations, Canadian Food Inspection Agency): Yes, thank you.

Thank you for the question, Mr. Chair.

Some of the activities we're involved with as the Canadian Food Inspection Agency in terms of mitigating BSE would include things like verifying the removal of specified risk material from the food chain in slaughterhouses in the federal system and assisting the provinces across the country to do that in provincial slaughterhouses; the increased workload we incurred as a result of BSE in terms of export certification for various types of meat byproducts; surveillance, the investment with respect to achieving Canada's national surveillance targets—and my colleagues can speak more to that; and as well, bolstering the inspection and enforcement of our animal identification programs for Canada.

Mr. Larry Miller: You talked about the removal of the specified risk material. That would be, more or less, for inspection to see that was done. It wouldn't be the actual removal by your inspectors, would it?

Ms. Krista Mountjoy: You're correct in the sense that our role as CFIA is that of verifying that the slaughter industry is removing the specified risk materials from the food chain in the slaughterhouses. Our job as inspection staff is to make sure that is done properly, since the removal of SRM is our primary firewall in terms of our public health response to BSE.

Mr. Larry Miller: On the surveillance part of it that you mentioned, is that surveillance when it comes to the supplementary imports we have, that kind of thing? Is that included?

Ms. Krista Mountjoy: Actually it goes more towards our inspection efforts to achieve the national surveillance goal of 30,000 or more samples in this calendar year. This will be brain samples we obtain from cattle in our identified at-risk population—the samples of most interest to us—that we put in through our laboratory system, both federal and provincial BSE/TSE laboratories, for analysis for BSE. I think we have in excess of 20,000 samples. My colleagues can comment on the specific number to date in this calendar year.

Mr. Larry Miller: In this calendar year. What were the numbers a year ago?

Ms. Krista Mountjoy: If I remember correctly, we obtained more than 23,000 BSE samples in calendar year 2004, well in excess of the target of 8,000.

The Chair: Gerry, do you have anything to finish off the time? We'll move on, unless you had a very short question.

Mr. Gerry Ritz: I was going to come back later. There'd be a little more time.

The Chair: Let's do that, try to get back.

Mr. Gaudet had wanted in. Have you decided which one wants to speak? I think Madame Rivard wants to take it.

[Translation]

Ms. Denise Poirier-Rivard: I want to come back to the question I put to you earlier. The CFIA has completed an intensive process of risk identification and assessment. Key strategic challenges and risks have been identified, as well as specific activities for 2005-2006 to meet these challenges. When you refer to products not covered by trade and commerce legislation, you're referring to non-registered food products. What exactly are they?

• (1710)

[English]

Mr. Robert Carberry (Vice-President, Programs, Canadian Food Inspection Agency): Thanks for the question. There are a couple of different ways we go about inspecting food plants within Canada. And when we're referring to *non agréé* or non-registered, we're generally referring to the plant from which it comes.

There are a number of requirements of food plants that exist outside our territory. For instance, to be able to ship some meat products into the U.S., they require that we not just inspect establishments but that we also run a registration program that they can come up and verify from time to time.

Other parts of the food system don't require such a registration program. So when we're talking about registered versus non-registered, it's really an issue of the manner in which we conduct our inspections. Either we have a series of requirements that lead up to a registration that we then go in and do inspections to support, or, in the non-registered sector, we look at different food safety priorities on an annual basis and then target certain establishments to ensure that the food safety requirements are being met. So there are really two different systems of approaching how we inspect food systems to make sure that the products are in fact safe.

[Translation]

Ms. Denise Poirier-Rivard: Are these products subject to trade law?

[English]

Mr. Robert Carberry: Some products are, some products aren't. It depends on the product. Those that are covered by the Canadian Agricultural Products Act, for instance, are generally considered to be under trade legislation. Others are covered by the Food and Drugs Act, which has its basis in criminal law. So within the agency we in fact have a series of different types of acts and regulations we operate under. Some are criminal; some are more commonly known as trade and commerce legislation.

[Translation]

Ms. Denise Poirier-Rivard: What are the risks, and is it desirable to have all food products registered?

[English]

Mr. Robert Carberry: We try to approach our inspections on a basis of risk, and in fact we do that assessment or that judgment at the beginning of every year for the non-registered sector, given the fact that we don't have enough resources to do the entire food system under a registration program.

The Chair: We move to Mr. Drouin.

[Translation]

Hon. Claude Drouin: Thank you very much, Mr. Chairman.

I have a question that was referred to me by people in my riding. On page 24 of the Main Estimates and Report on Plans and Priorities, it talks about providing a fair and effective regulatory regime. In recent months, there have been changes with respect to transport of live animals.

In my riding, carriers are telling me that producers sometimes send them animals that are slightly disabled, thinking that there is no harm in it. The carrier finds himself forced to accept the animal because he runs the risk of losing his client if he refuses. But the carrier is also required to kill the animal if he discovers there is a problem, and the Agency imposes very significant fines on any carrier who is caught out and is in violation of the rules. I recognize that there have been abuses. Some people have abused the system and have sent very sick animals. But it doesn't look very good when foreign buyers come to a slaughter house and see sick animals. Could we not try to make improvements there or find a different way of doing things? It would seem that carriers are caught between a rock and a hard place, and this is causing them problems—including very stiff fines.

Is there no way this could be corrected or that we could do things differently?

[English]

Mr. Robert Carberry: I'm not aware of the specific situation you're referring to, but I would invite the operator who's experiencing challenges to get in touch with our office. We'd certainly be interested in hearing about this.

There are really two things over the last six months that have happened. We've made some minor changes to our approach on animal welfare, but the most significant one has been a requirement by the United States to not allow animals that are disabled, diseased, or dying near the door of the abattoir. This is in a number of our registered establishments that are shipping to the U.S. We've been under requirement to certify that we are following that same type of system as the U.S.

We're still contemplating regulatory and act changes within Canada on the animal welfare front, but that will be subject to a very full consultation over the next year or more before we get to that point.

On the situation you're specifically referring to, I'm not sure whether it's due to our regulations and policies, or the ones the U.S. is currently putting on us to maintain access to their market. We'd certainly be willing to look into it, if you could have the constituent get in touch with our office.

•(1715)

[Translation]

Hon. Claude Drouin: Well, I don't have the answer. In a way, you have answered me by asking a question: is this due to what is in place in the United States or our own regulations? One thing is for sure: our carriers are stuck with the problem and many of them are having to pay very significant fines. We're talking about \$2,000. Getting rid of a hog costs about \$20, but carriers don't want to be forced to kill the animal. So, they're caught between the producer and the Agency, which has tightened up its regulations. Maybe that was at the request of the United States, but it has certainly beefed up or changed its regulations to ensure that disabled animals do not make it to the slaughter house. The results are there, and the carriers are being held hostage. We need to find some way to raise awareness among producers of the circumstances of our carriers and convince them not to hold them hostage. I would like to see some analysis of this. Rest assured that I have asked these carriers to write to me so that I can pass on their request and we can seek clarification.

[English]

The Chair: Do you have any other comments, Ms. Mountjoy?

[Translation]

Mr. Roger Gaudet: Could we have their business cards?

[English]

The Chair: Do you have a supplementary, very quickly?

[Translation]

Mr. Roger Gaudet: Mr. Drouin, I would like to have their business cards so that I can send them what we have received in our area.

[English]

The Chair: It appears to be a problem that existed within the province of Quebec.

Can you people sort that one out and talk to the two gentlemen who have brought this issue forward?

Mr. Ritz.

Mr. Gerry Ritz: Thank you, Mr. Chairman.

Ladies and gentlemen, it's good to talk to you again.

There's been a lot of concern over the risk material, the SRMs and so on, and what to do with the mountains that are showing up now around the abattoirs. There was talk of the federal government allocating \$80 million toward it. This all started under Minister Speller over a year ago. There's still no process in place to address that problem. It's really exacerbating or adding ammunition to the R-CALF injunction, saying we're not taking this seriously.

We've been playing around with this for over a year. I see that the government's supposed to set aside \$80 million to help these abattoirs get rid of this mountain of stuff—incinerate it, or whatever—but I can't find that anywhere in your estimates for 2005. I'm seeing big warning signs that this will be lost if the budget doesn't pass. Can you point out which line that's under?

Ms. Krista Mountjoy: I can perhaps start with a response to your question. It's a very good question.

I believe the \$80 million you're referring to is possibly a line item for AAFC and not specifically for CFIA. What you're referring to is the announced intention of the government to require the removal and redirection of specified risk material from the feed chain, not the food chain.

Mr. Gerry Ritz: That is being done.

Ms. Krista Mountjoy: And we're moving forward with that process.

Mr. Gerry Ritz: But now everybody's got this massive amount of SRM and they don't know what to do with it. The dumps can only hold so much, and it's not really the answer to where to put it anyway. It should be incinerated. If it's that dangerous, let's do something about it. But we've been arguing for over a year, and trying to get a process in place. That's really exacerbating the R-CALF injunction.

Ms. Krista Mountjoy: At this point, we've gone out with proposals in *Canada Gazette* Part I for what we would see as regulatory requirements for the removal of SRM from the feed chain. Comments have come back to us. We're in the process of studying those comments and moving forward to *Canada Gazette* Part II, which I believe we won't—

Mr. Gerry Ritz: That's a separate issue. Nobody's fighting about the removal. The packers and others are doing it. What do they do with it now that they have this stuff? What do they do with it now?

Ms. Krista Mountjoy: I was coming to that point. Until we actually require that in law, in *Canada Gazette* Part II, the packers aren't required to redirect the SRM at this point. Some of it is still going into the feed chain as such.

You're right. It is a challenge that we're facing in going forward. Our role, as a regulatory—

•(1720)

Mr. Gerry Ritz: You folks will have to administer this. It will fall under your purview, whatever budgetary line item it shows up on. Have you been assured that it's going to happen in this budget? Are you looking at it coming down the pipe?

I can't find it in the big budget either.

Mr. Gordon White: To clarify for the honourable member, the \$80 million you're referring to is not within the CFIA's budget.

Mr. Gerry Ritz: I understand that, but you're going to have to be the people who inspect it, make sure it happens, and so on. Have you been told to get more inspectors lined up because this is going to happen this year?

Ms. Krista Mountjoy: Again, we have received an investment to be able to move forward and staff inspector positions and to be able to inspect and enforce this requirement as it comes on board. The funding has been made available for 2004-05 and 2005-06, and we're looking for ongoing funding past that.

Mr. Gerry Ritz: Okay. You're starting to gear up for this. Do you expect it to be in place this year?

Ms. Krista Mountjoy: In fact, I can tell you that the recruitment processes are already under way. We're bringing people on as inspectors to do this.

Mr. Robert Carberry: Perhaps I could also add that we are cognizant of the fact that should this regulation be put in place, there will be issues around disposal.

We're working closely with the provinces. In fact, we have a meeting in mid-June with the provinces to discuss various environmental legislation they have in place and to see how they might be able to work through the disposal of this SRM material. Agriculture and Agri-Food Canada will be at the table to consider how they might be able to spend some of the money that they have to help in this regard.

We're working towards it in full recognition of the fact that there will be a significant volume to deal with. We're looking at ways of doing it with the provinces.

Mr. Gerry Ritz: I'm also looking at cuts at the Canadian Food Inspection Agency of almost 300 people by 2007-08. Full-time-equivalent jobs are going to be cut by almost 300 people. How are you going to gear up to do extra work and put this in place, when you're cutting 300 positions?

Mr. Gordon White: To clarify, we are looking at forecasted numbers right now, without any additional information or additional funding that we might be able to get through supplementary estimates. We're not looking at cutting necessarily, but we're trying to redirect it. That's what we're trying to do.

Mr. Gerry Ritz: This is a major initiative. It had to be put in place yesterday. I don't want to hear about supplementary estimates. I want to see a plan that's going to be implemented right away.

R-CALF, with Judge Cebull, is breathing down our necks to again to close the borders to boxed beef because we still haven't implemented these things. This was on the list of five things that the outside adjudicators looked at two years ago. We still haven't done it. It's no wonder that these guys have the legal right to come after us. We had to get this in place yesterday.

Ms. Krista Mountjoy: I can assure you that from an inspection and an enforcement perspective, we're well prepared to be able to inspect and enforce those regulatory amendments. The regulatory amendments are on track to come on board, I believe, in the late summer or early fall, sometime in that time period. It will then become a legal requirement for the slaughter plants to redirect the SRM.

The two-track process also involves, as my colleague was mentioning, AAFC and CFIA working with the provinces and industry to sort out exactly how that will happen.

Mr. Robert Carberry: As well, on the SRM side, we have a high level of compliance with the establishments. We're quite pleased with the way they've acted. The USDA has in fact come up and conducted audits of the system. They are also satisfied with the compliance of the SRM removal within our federally registered facilities.

Mr. Gerry Ritz: We're not talking about removal; we're about talking incineration. They're two different things.

The Chair: We need to bring this to a close, but in keeping with the theme of how we might be in compliance or not in compliance with what we have undertaken to do, let me ask this. Given what the Americans are doing, where are we in terms of where they're at? Are we behind them? Are we ahead of them on the matter of SRM, particularly in the animal feed chain? Where are they on this issue?

I know that, for the most part, we've been leading on those kinds of issues.

Mr. Robert Carberry: I think it's fair to say that we continue to lead. Our compliance on the SRM removal is extremely high and the U.S. has tested it through its own audits.

With respect to feed and furthering the feed regulations, which are consistent with the recommendations from the international panel made to Canada and the U.S., Canada was the first to have its proposed regulation in place. The U.S. is still debating what their proposed regulation might look at. So we are still leading, from our standpoint.

• (1725)

The Chair: Thank you. It's always a pleasure to have you with us.

At this point, we have some other matters we need to take care of before we can adjourn this meeting. The chair needs to know the wishes of the committee.

Shall the votes, as we've debated them this afternoon, votes 1, 5, 10, 15, 20, 25, 30, 35 and 40, less the amounts granted in interim supply, under Agriculture and Agri-Food of the main estimates, 2005-2006, carry?

AGRICULTURE AND AGRI-FOOD

Department

Vote 1—Agriculture and Agri-Food—Operating expenditures.....\$557,857,000

Vote 5—Agriculture and Agri-Food—Capital expenditures.....\$30,631,000

Vote 10—Agriculture and Agri-Food—Grants and contributions.....\$371,227,000

Vote 15—Pursuant to section 29 of the Financial Administration Act.....

Vote 20—Pursuant to section 29 of the Financial Administration Act.....

Canadian Dairy Commission

Vote 25—Program expenditures.....\$3,202,000

Canadian Food Inspection Agency

Vote 30—Operating expenditures and contributions.....\$406,624,000

Vote 35—Capital expenditures.....\$14,494,000

Canadian Grain Commission

Vote 40—Program expenditures.....\$5,434,000

(Votes 1, 5, 10, 15, 20, 25, 30, 35, and 40 agreed to)

The Chair: Shall the chair report votes 1, 5, 10, 15, 20, 25, 30, 35 and 40, less the amounts granted in interim supply, to the House?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Now, I have one more matter. I have a motion by Mr. Anderson.

Mr. Anderson, please.

Mr. David Anderson: Mr. Chairman, I move that the Auditor General be requested to audit federal spending on the Canadian agricultural income stabilization program thus far.

An hon. member: Take the politics out of it.

The Chair: Any comments?

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Mr. Chair, Mr. Anderson himself would keep the Auditor General busy with motions for the Auditor General to look into this and that.

I strongly oppose the motion, Mr. Chair. The Canadian agricultural income stabilization program hasn't been in effect for very long. There've been some administrative problems with the program, but I don't believe they're important enough to require the Auditor General. There may be some policy questions that we need to be looking at, and the minister has in fact set up a committee to look at those policy questions. So I don't see the need for the Auditor General to look at the CAIS program.

The Chair: I'm going to put the question.

(Motion agreed to)

The Chair: We will be back on Thursday at 3:30.

The meeting stands adjourned.

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