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Chair

Mr. Gerry Ritz

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•(0905)

[English]

The Chair (Mr. Gerry Ritz (Battlefords—Lloydminster, CPC)): I call this meeting to order.

This morning, for meeting five, it is our distinct pleasure to have the Minister of Agriculture and Agri-Food, the Honourable Chuck Strahl, et al.

You've brought quite a contingent with you, Chuck. I'm sure we'll have the answers to everything we could possibly want this morning. It's great to have you here.

Of course, we'll start off with opening statements, then we'll move to our questions round. I will limit questions this morning, folks, to five minutes. We'll be fairly tight with the time. We want to have as many interventions with the minister as possible.

That said, Mr. Minister, I'll turn the floor over to you.

Hon. Chuck Strahl (Minister of Agriculture and Agri-Food): Thank you, Mr. Chairman. It's great to be here.

Greetings to all the committee members as well. It's my first time before the committee. Actually, it's my first time before a committee in this capacity, as a witness. I'm sure you'll be gentle.

At any rate, I appreciate the work that you folks do on behalf of agriculture. In my experience, the work of the agriculture committee is like the work I see in the department; it's done by people who obviously have a passion for the issue. I know that the farmers in our agricultural organizations appreciate your work and the passion you bring to it.

I just want to talk for a few minutes about what we've done in the last few months and then talk a little more about the future. After that I'll take your questions.

As you know, the government committed \$1.5 billion to the agriculture sector in our May 2 budget. That's triple our original election promise. It's in response, really, to what we heard from farmers and farm organizations about the need that's out there. We have addressed some short-term needs and have at the same time tried to lay the foundation for longer-term stability. We've been very busy over the last couple of weeks with some announcements on how to benefit our producers now and into the future.

We were very happy to have made three announcements on May 18—the farmers' hat trick, if you will—that put about \$1 billion into farmers' hands this fiscal year. The biggest announcement was the change to the CAIS inventory valuation system. We all know that

CAIS hasn't been as responsive to farmers' needs as it should have been, and through this change we'll be putting an extra \$900 million into producers' pockets. Administrators will be recalculating producers' CAIS applications for the 2003, 2004, and 2005 program years. If producers are entitled to more money by using this new method, they'll be getting a payment.

I should just add that if the old method of calculation is better for the farmers, we'll just keep that one. We'll give them the best of the two methods. Also, there's no additional paperwork, since this will be done automatically. We're trying to keep the paperwork to a minimum all around.

Also connected to CAIS, we're working with the provinces and territories toward expanding the eligibility criteria for negative margin coverage to help viable farms with deep losses. That will provide another \$50 million from the federal portion into that program.

We're also committed to replacing CAIS with a program that separates disaster relief from income stabilization. Those negotiations are ongoing with the provinces right now. In the meantime, we are making changes to the program that make it more responsive to producers' needs, as a down payment on our future objective of separating those two programs. In addition, we've gotten rid of the deposit requirement and have replaced it with a fee for this year. We've also deferred collection of overpayments, the clawback provisions. We've deferred that for now and cancelled interest charges on those overpayments until January 1, 2007. We think all of these are commonsensical initiatives that will help meet farmers' needs.

Two other related announcements on May 18 will help farmers now and in the future. First, the tabling of amendments to the Agricultural Marketing Programs Act, the AMPA legislation, will improve existing cash advance programs by making them, again, more responsive to farmers' needs. The second part is the introduction of the enhanced spring credit advance program, or ESCAP, which will also provide assistance to producers as early as this year. We'll be doubling the interest-free maximum for spring credit advances to \$100,000, and extending the repayment period until September 30, 2007, in order to help farmers market their products to their best advantage. We are anticipating that will make an additional \$500 million available to producers this spring.

The AMPA legislation, which will make those changes from ESCAP permanent, is also expected to provide an additional \$600 million a year in cash advances. That's because the coverage will be expanded, of course, to include more agricultural products, notably livestock; to increase the overall limits on advances to \$400,000; and to increase the cash amounts to producers, interest-free, from \$50,000 to \$100,000.

In addition to these, I was in Manitoba last week to announce our new cover crop protection program. That's to help the farmers whose land was damaged by flooding over the last couple of years to plant a cover crop and get back into production. We've committed \$50 million for this year to fund the initial year of this national program. Most of that money this year will go to Saskatchewan and Manitoba just because of the flooding there and the excess moisture. This will provide producers on moisture-affected land with one-time payments of about \$15 an acre.

In future years I would like to move to provide producers who have crop insurance with a per acre payment that's calculated to cover the average incremental cost of planting cover crops on land that's coming back into commercial crop production. This year it covers all land that has been flooded or has excess moisture, whether they're in crop insurance or not.

Earlier announcements. Of course we did accelerate the payout of the grains and oilseed payment program. About \$590 million of the \$755 million has been paid out. We've also announced that the Farm Improvement and Marketing Cooperatives Loans Act, the FIMCLA act, will continue. It was scheduled to be wrapped up, but it will continue, and consultations are taking place with industry on how to make the program more effective, especially for young farmers. All of these changes are to hopefully give tools to farmers to run their businesses more effectively, more profitably, and in a more predictable financial environment.

What is equally important is that we set out some changes for the future, or at least some options for the future for farmers and for producers. I wonder if the way to do that is by helping farmers diversify their marketing opportunities and options. One of those options is contained in the government's commitment to ensure that all motor vehicle fuel in Canada contains an average of 5% renewable fuel content, either ethanol or biodiesel, by 2010. We believe this is an important initiative that will provide short-term and long-term benefits not only to our agriculture producers but also to players throughout the value chain, as well as to our environment and to Canadians in general. There's potentially a huge new market for grains and oilseeds with this initiative.

I'm working with my colleagues from Environment and Natural Resources, and with industry and with provinces to make sure the commitment is implemented in a way that allows producers the opportunity to get involved in the value chain and to derive the maximum possible benefits from this 5% target that we will create.

Consulting with the provinces and industry now on how best to support our producer involvement in this new opportunity is ongoing. It started last week. We had a biofuels conference in Regina with the provinces, a bilateral agreement with the provinces. We want to move ahead quickly, but we want to do it right, and I

want to do it in a way so that producers can make the business decisions to get involved where it makes sense for them.

In the longer term, biofuel is really only one aspect of the range of industrial chemical and other products that can be derived from the agricultural biomass generally. We want to support science and research and development to get there, and there are provisions in this budget for that as well.

I just want to update you a little on the WTO negotiations. As I'm sure you know, the WTO members did not reach an agreement on detailed rules and commitments in the agriculture negotiations by April 30 as originally planned. That being said, the WTO members are determined to resolve outstanding issues. We're currently involved in some pretty intensive negotiating in Geneva aimed at reaching agreement on detailed commitments at the earliest possibility. Canada is continuing to push for a more level international playing field for our producers and processors, which we believe can be accomplished by eliminating export subsidies, substantially reducing trade distorting subsidies, and by significantly improving market access.

● (0910)

[*Translation*]

We want an ambitious outcome for Canada. At the same time—like all WTO members, we have both offensive and defensive interests. For example, it is clear that key issues important to our supply management system continue to be under very significant pressure at the negotiations.

[*English*]

In response, we have gone to the wall to aggressively defend our interests. Canada's active participation at the WTO is crucially and critically important for the prosperity of this sector. For this reason, I can tell you that we will remain at the table to fight hard for all of Canada's interests. We must be a deal maker, I believe, not simply a deal taker at the WTO. We want a deal that benefits both our supply-managed and our export-oriented interests.

There are a few words I'd like to mention, too, about the CFIA.

As Canada's regulatory agency for safeguarding Canada's food, plants, and animals, CFIA has a very important role to play in contributing to the quality of life for Canadians. In this world of globalization, where borders become very sensitive to problems of disease and animal health and so on, I believe it is imperative that we remain on top of the pressing issues that CFIA deals with so we can better respond to emergencies as they arise and, better yet, prevent them from taking place to begin with. If we are to continue to be recognized as having one of the most comprehensive food safety and animal and plant health systems in the world, CFIA, as I've said many times, will often be as responsible for keeping borders and opportunities for our producers open as anything else we may do. If we handle our regulatory system well, that will continue to make market access possible for our producers around the world.

There are provisions in the budget for pandemic preparedness and for AI, or avian influenza, preparedness, and I'm happy to talk about that as well.

Finally, I just want to be clear that we are working toward long-term sustainability and profitability for our agricultural sector. That also includes the rural communities that are dependent on a healthy farm sector for their own economic strength. In the May budget, we provided a number of measures for non-agricultural-related sectors that are important to rural Canada, including, for example, some tax changes for fishermen, on either coast, when transferring property to their children. Money for the forestry sector, infrastructure development, and access for farmers and others to the Pacific gateway funding are other examples.

We believe it's important not only to support our agricultural sectors, but also to look after rural communities. We believe that where families grow and raise their children in those rural settings is the cornerstone, the backbone, of our country. We want to support that and make sure they have as many facilities as possible and as much access to opportunity as the rest of the country has.

I think that's probably enough for me, Mr. Chairman. I'm happy to take questions and try to answer them.

I'd just like to thank the president of the CFIA, François Guimont, and associate deputy minister, Christiane Ouimet, for being here this morning. If the going gets really tough, I'm just going to punt the ball to one of them.

Thank you.

• (0915)

The Chair: Thank you, Minister.

We'll start with the questioning. We'll work with five-minute rounds.

Mr. Steckle, for the first five minutes.

Mr. Paul Steckle (Huron—Bruce, Lib.): Thank you, Mr. Chair.

And thanks to you, Mr. Minister, for appearing here this morning. Obviously, this was high on our agenda, to meet with you as early as possible in the mandate.

One of the concerns that the general populace of farmers has in this country is your plans for CAIS long term. I realize there are many concerns in his room this morning, but I want to start there.

During the election campaign a few months ago, your party suggested that we get rid of CAIS. I haven't seen any overtures on your government's part to speak to the provinces in terms of getting them to the table to sign off. You are using this program as the delivery mechanism for the current program of \$950 million. I'm just wondering what, in the long term, your plan is. Is it to continue to use CAIS as the delivery mechanism, with modifications, or is it to get rid of it but use this as a short-term carrier for programs?

Hon. Chuck Strahl: That's a good question. It's on people's mind. I have encouraged farmers, of course, to stay in the CAIS program and use it as best they can. Even if it's an imperfect vehicle, it is a flagship delivery system for income stabilization. I encourage farmers to continue in it, because you never know where it might go. Also, it is the program we have.

At our March 18 bilateral meeting that I had with the provinces, we did discuss—because it is a shared federal-provincial agreement, of course—the possibility of replacing CAIS. I put that on the table. I

told them that we would like to move to a program that creates separate income stabilization and disaster relief programs. We issued a communiqué at the end of that meeting saying that we were investigating those options and that at our federal-provincial meeting at the end of June I'd be presenting options to the provinces that involve a separate income program and a separate disaster relief program. We're working with the provinces behind the scenes right now to see if we can come to a consensus on it. So there is ongoing work.

Obviously, I don't want to duke it out with the provinces in a public way. It's a bilateral agreement, and we have to work with them. I think it's wise for farmers to know that we're not going to do any knee-jerk reactions. They should stay in the program. We are making some fairly radical changes to the program. I guess at some time we'll have to decide at what stage the incremental changes make it something quite different or whether it is simply modified.

The provinces have been pretty firm that they want to stay with some sort of a whole farm program. What I've been insisting on is that we have to separate disaster relief and make some pretty radical changes to the current system if farmers are going to accept it.

Mr. Paul Steckle: Regarding the \$950 million, it was formerly \$1 billion. You took \$50 million out of that. I heard you say, and I think I've seen it in press releases, that the \$50 million is.... Is that the \$50 million that's going towards compensation for the extension into the area of negative margins? Is that where that's coming from, or is that \$50 million of the original \$1 billion gone?

Hon. Chuck Strahl: The way it worked out is that when we got into the details of making these retroactive changes, we had a certain dollar amount we could work with, because we had other programs yet to announce, which were announced in the throne speech and in the budget. It turned out that the precise number, with the changes to CAIS, was \$950 million. That's what it worked out to, including our portion of the negative margin changes.

Mr. Paul Steckle: So the \$50 million is not taken out for negative margins. Where has that \$50 million gone? Has that gone to Manitoba for flood relief? Where has it gone? Where is the \$50 million coming from?

Hon. Chuck Strahl: We announced another \$50 million last week for flood relief, and the majority of it will go this year to Manitoba because of the Red River flooding.

Mr. Paul Steckle: But where is it coming from? Where is that \$50 million coming from?

Hon. Chuck Strahl: It's just part of the \$1.5 billion incremental spending increases we announced in the budget. The amount going to CAIS changes, both retroactive and forward looking, because the negative margins thing is this year forward, is \$950 million. We announced another \$50 million for the cover crop program, and there will be other announcements that deal with some of the other things in the budget, as well. Some will flow more quickly than others, but some of those other details are yet to be announced.

• (0920)

The Chair: Thank you, Mr. Steckle.

We move to Mr. Bellavance for five minutes, please.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you for being here today, Mr. Minister.

Since we don't have much time, I'll immediately get to the heart of the matter. I did a tour of the agricultural community during the parliamentary break week, and a number of concerns were brought to my attention, particularly regarding the budget and funding allocation.

During a question period in the House, you said that Quebec would receive its fair share of that budget. In addition, I have here a copy of the newspaper *La Terre de chez nous*, in which you were reported as saying that Quebec would have its fair share.

Can you tell us today how much money Quebec will receive out of that \$1.5 billion? When you say fair share, I'd like to know what amount of money that means.

[*English*]

Hon. Chuck Strahl: That's a fair question. When we made these changes to the inventory evaluation system, of course, Quebec already had the P1-P2 inventory system in place. They already had the better system in place, because they administered their own program.

What we are doing is working with the Quebec government to get their numbers. They have the numbers we'll need to make a retroactive payment based on what the federal government's share of those payments would be. So in other words, the 60% is divided 40-60 between the province and the federal government.

We're getting the numbers from the provincial government. We'll calculate those based on the numbers they give us. I don't believe they're completed yet, but they're working with our officials, and then they'll get 60% of what they would have got if they had never been in the P1-P2 evaluation system.

I'm not sure how many dollars are going to be involved in that, but of course that's only part of what the province is going to get. As we roll out the rest of our budget promises, including the low family farm income program, which is a fairly large piece of the \$500 million yet to be announced, Quebec is going to get a fairly large share as well, according to our initial calculations.

I don't have the exact figures, because we're waiting on some of them yet, but I think that in the end it will be very close to the traditional amount of money, if you will, that Quebec gets as a portion of the agricultural budget.

[*Translation*]

Mr. André Bellavance: With regard to the method for calculating inventories, you said earlier that it wasn't very important whether the new or old method was used. Is that what you meant in your presentation? You said that, regardless of the method, you would take the best method for ensuring that the provinces and Quebec get their fair share. Did I understand correctly?

[*English*]

Hon. Chuck Strahl: Yes. What I was talking about is that the individual producer will get the best of the old system evaluation, the system that the rest of Canada has been using, which is just a one-time evaluation system that in many cases, especially when there are declining commodity prices, has not given them the true value or the true effect—as is shown—of declining inventory evaluations.

So under the P1-P2, most farmers are going to benefit from that twice-a-year evaluation system that allows a more accurate evaluation of their current inventory. However, some farmers, depending on how their markets are and depending on the products they're dealing with, will benefit from the old system. Whichever system benefits them the most, they will receive that amount. So they will receive either the old system, if that's best for them, or we'll do the calculations, and if that's better for them, they'll get the P1-P2 evaluation system. Either way, they won't get a clawback on it; they'll get the best of either world.

[*Translation*]

Mr. André Bellavance: Another concern I was told about was the current WTO negotiations. I'd like you to clarify the negotiator's mandate for us. The preliminary documents raise some concerns, from what we've been told. I know they're only preliminary documents, but we were told there would be a potential increase in market access, and we know all the concerns surrounding supply management. You also talked about them in your evidence, but we'd like to know the negotiator's mandate.

Is he still bound by the motion that was introduced in the House by the Bloc québécois last November 22 and unanimously passed? That's mainly what our people would like to know.

[*English*]

Hon. Chuck Strahl: Certainly the details of a negotiator's mandate are difficult to make public, because if you put the bottom line of your mandate in the public realm, then the negotiator's no longer negotiating; all he has is his bottom line. It's very difficult to discuss tactics or strategy for the negotiator day by day, because there's going to be a lot of give and take in these negotiations and a good negotiator is going to have to do his best—and I believe we have a very good negotiator—to get the best deal for Canadian agriculture.

That being said, what has been clear over the last month or so, for example, is that Canada stood firm when a proposal came forward to expand tariff rates, TRQs, for example, which would affect our supply-managed system. And I'm going to be blunt about this, and I think we have to be honest about this. The problem for us is that the vote in that situation, where we refused to accept any changes to the TRQs, was 148 countries to 1. We completely stand alone on that. All other countries, including Japan and the European Union and others, say they feel there had to be some changes to the TRQs and other tariffs.

The question we have to ask ourselves and the question that supply management has to ask themselves is this. What's the best strategy now, given that we're completely isolated, 148 countries against 1? What's the best strategy now to get the deal possible for Canada? If we continue along a voting pattern of being completely isolated against all other countries of the world, then we're not going to be at the table to defend the interests of supply management. We'll be on the outside, wondering what's going on inside the room. The question then is, who's going to defend supply management if not us?

So the difficulty in negotiations becomes this. What strategies and tactics do you use to make sure that supply management and the rest of the agricultural community don't end up with a deal at the WTO that other countries have crafted, that haven't included our input? So that's the difficulty, and I'm just being honest about it.

The other thing that's clear is that in the end we will be in the WTO. The associations that say if we don't get the perfect deal or if it's not just what we want, we should walk away from the WTO are not dealing in reality. We simply are going to be in the WTO when this is over, and to think otherwise is to play a very dangerous game. We will be in the WTO. That's why it's important that we be a deal maker and not just a deal taker...that other countries might want to craft on our behalf.

• (0925)

[Translation]

Mr. André Bellavance: Even if we're alone, I believe we must continue to defend supply management and keep it as it is.

[English]

The Chair: Thank you.

We'll get to you in the next round.

Mr. Bezan, for five minutes, please.

Mr. James Bezan (Selkirk—Interlake, CPC): Thank you, Mr. Chair, and thank you, Mr. Minister, for coming in today.

I can tell you that the farmers in my riding—and across Manitoba when I was travelling around last week—are very appreciative of the job you're doing. The announced changes to CAIS, the commitment to replacing CAIS has been extremely well received. The cover crop program that you announced really comes into play for our farmers across southern Manitoba and into Saskatchewan, as well, who had flood damage last year and this year. The commitment to disaster assistance is also something that farmers want to see. They want to see that decoupled and delinked from CAIS.

One thing that keeps coming up, though, as I travel around talking to farmers—and I am a farmer—is how well we're doing from the competitiveness side in dealing with our competitors in the United States and around the world. Their access to pharmaceuticals, to animal health products, to herbicides and pesticides...they're priced a lot cheaper than they are here in Canada. Own-use import permits to bring in things like ivermectin, like glyphosphates, are of a concern to agriculture in general.

So I was wondering if the department is looking at that and how we can make sure that our producers stay on an even playing field when dealing with their competitors in the global market.

Hon. Chuck Strahl: I would agree with you. That question comes up repeatedly and in almost every sector of agriculture, whether it's horticulture, or grains and oilseeds, or animal health. A common concern is how to get access to leading-edge health products, or pesticides or herbicides, and how to do it quickly and at a reasonable cost.

The own-use permits have been used extensively, as you know. That has been the one saving grace, really, that has allowed a lot of the grains and oilseeds folks to keep things moving, but on other products and in other sectors of the industry it has been more difficult.

There has been some progress on a couple of fronts. One is, of course, that the PMRA is under Health Canada. We might want to debate whether it should be there or under Agriculture, and I know that's a common debate and maybe a good one, but the current head of the PMRA, Karen Dodds, from what everyone tells me, is doing a much better job of being receptive to farmers' concerns. She is listening well; she is trying to work the system to get them products more quickly. So I think there are some good-news stories there. She has been good to work with and has taken the farmers' side on this in a lot of ways. That's going to help quite a bit, because the management of that kind of an agency makes a big difference.

The second thing is that when we make up our own priority lists from the agricultural side and share that with the PMRA, the turnaround time on that has improved greatly. There are, again, some good success stories on that. The problem is that it's only a short list. So we put together the top 10 priorities and share that with the PMRA. That tends to go more quickly. The problem is that a lot more than 10 are required. So we're working with the CFIA and with the Americans—especially the Americans, because that tends to be where the products come from—to try to find ways to not only harmonize approval processes but harmonize the testing process itself so that when programs or tests are designed, we can actually use those results and it will pass muster in Canada as well. Those talks are ongoing, to try as much as possible to move that so that Canadians can get them as quickly as possible.

It's an ongoing problem, though, but we are working on that with PMRA, CFIA, and our own officials to try to get the bottlenecks out of it.

• (0930)

Mr. James Bezan: I have a short question as a follow-up.

There are still quite a few cattle producers in my riding and across the country who are concerned about whether or not export to the U. S. of over-30-months-of-age animals is going to be opened up. Do you know anything on that?

Also, they feel that harmonizing our standards—referring to bluetongue and anaplasmosis—may aid in opening that market.

Hon. Chuck Strahl: I have spoken with Secretary Johanns about that several times. I've gone down to Washington, D.C., and have spoken with him in person. I've had a meeting with him about it and I've had several telephone conversations, as I have had with Secretary Mayorga from Mexico, who also, of course, wants the border open, especially for breeding stock for heifer replacements, and so on.

It seems that Secretary Johanns is keen to get the border open, but with the second case of BSE—which happened, unfortunately, in my riding, of all places—when we had two cases in quick succession like that, there's no doubt that it set it back a number of months. Secretary Johanns is still hopeful we can get the border open this calendar year. He still thinks that can happen. That has been his objective all along. He was candid that those two cases, which came one, two, like that, mean they're going to have to do their due diligence on it from their side, but certainly from the administration side they're keen to open the border. They're pleased with the R-CALF decision in Montana. They are working with our folks.

When I was down there last time, the comments from the secretary were that Canada is doing a very good job, that we have a very good system, and that he expects the border to be open. He was very public about it with his own American audience. So I'm hopeful it will still happen this year.

The Chair: Thank you, Mr. Bezan.

Mr. Atamanenko, for five minutes, please.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): I have some questions in my thread of thought here.

Thanks for taking time to meet with us. I'm encouraged by your hard work and the many positive measures you have outlined, Minister Strahl.

[*Translation*]

In agriculture, we're at a very interesting, but also very critical, point in history. By working together, particularly with those operating in agriculture, we're well placed to ultimately put in place a vision that will help determine the future of our country. For example, I'm encouraged by your commitment in the biofuels sector.

By building our agricultural policy together, I encourage you very strongly to rely on the report prepared by the Honourable Wayne Easter entitled "Empowering Canadian Farmers in the Work Place".

Here's my first question: Will you consult that report, which reflects some in-depth deliberations?

• (0935)

[*English*]

It's in the spirit of cooperation with the stakeholders in agriculture, especially the primary producers, that I ask this government to move forward. I will be tabling a motion here with amendments by Mr. Easter in regard to the federal government's decision to retain ownership of the hopper car fleet.

In spite of certain comments that I've heard in regard to the Farmer Rail Car Coalition, they do in fact represent farmers and I encourage you to work with them. In fact, thanks to them, hopefully we can get

to the bottom of why farmers have been overcharged for hopper car maintenance. As you know, we have asked the Auditor General to look into this.

The time is right to ask the FRCC to work closely with our government as we deliver policy in regard to hopper car maintenance. Let's use their expertise as we work together in the best interest of farmers. My second question is, are you prepared to do that with them?

Another critical area where this is possible is the Canadian Wheat Board. There are those on this committee and otherwise who believe that the Canadian Wheat Board should have a dual marketing role. On the other hand, according to calculations by the National Farmers Union, marketing and policy benefits of the CWB are worth at least \$800 million a year, more than \$2 million per day for western Canadian farmers. This sum equals roughly the value of the Crow benefit that farmers lost in 1995. The loss of the Crow is a significant cause of the farm crisis now gripping farmers. According to Stewart Wells, NFU president, losing the CWB would be equally devastating.

Members of this committee have differing views on this subject; however, let's look at the polls. The results for the spring 2006 producers survey were prepared by Innovative Research Group Inc. This survey is conducted annually for the CWB to measure farmers' concerns and attitudes on a number of issues. Of 1,303 CWB permit book holders who were interviewed for the survey, a total of 76% of farmers support the CWB, and 66% of those below age 35 support it. A total of 71% of farmers believe this is the most effective representation for their views on agriculture and trade issues.

The most important result is that 88% of the farmers believe that the final decision on the Canadian Wheat Board single-desk versus dual marketing should be made by farmers themselves through a plebiscite or CWB director elections rather than leaving a decision to the federal government alone. Clearly, here is a chance for this government to work with the farmers rather than imposing its will to change the direction of the CWB.

Governments from all political parties, all levels, often impose their will on the people. With guidance from this government, let's let the farmers decide their future, and most of all, let's put aside our political ideologies.

I would like to see your response and your commitment to working with them. In other words, is this government prepared to let the farmers, the stakeholders, decide the future of the Canadian Wheat Board?

[*Translation*]

That was my final question, Mr. Minister.

[*English*]

The Chair: Minister Strahl, you have one minute to respond.

Hon. Chuck Strahl: One minute? I'll just quickly go through them, then, and try in a minute.

I certainly have a copy—in fact I have an autographed copy of the Easter report. I do understand there were extensive consultations, and I've appreciated that input, as I will from this committee generally and from other farm organizations. But certainly I have a copy and have read it, and we've even done a couple of things out of that report. For example, the way we're funding day care now, for example, was a recommendation from the Easter report. So we've even taken a couple of suggestions out of it.

I did meet with Sinclair Harrison the other day when I was in Regina. He gave me an envelope echoing your ideas, that he's prepared to work with us. I appreciated that about Mr. Harrison. I have met him several times, of course, and appreciate his willingness to work with us, and certainly his ideas will be taken into account. They have some expertise there that should be made use of, so we'll continue to do that.

On the hopper cars generally—I think that's what I have down here—are you having the transport minister here soon?

The Chair: Not necessarily the minister, but officials from the department.

Hon. Chuck Strahl: Because it's dealt with mostly by Transport Canada, regarding the details as to how to ensure that hopper car replacement and maintenance and other issues involving shippers' rights and so on could be dealt with, I would encourage you to deal with Transport Canada. We work with them, but of course it's their bailiwick.

Finally, on the CWB, of course we continue to consult. We've consulted with hundreds of groups and we'll continue to do so. I also read that report. One of the interesting parts of that survey that was done the other day was the majority support for dual marketing for barley, for example, which I thought was an interesting angle. It seems to be where there was, again, one of those consensus numbers that went along with the other ones you rattled off.

So obviously we'll have to work, and I am working, meeting with the CWB and others. I've said to people that the changes will be evolutionary rather than revolutionary. I don't want to do something that's going to unsettle a very unsettled industry either.

Thank you.

● (0940)

The Chair: Thank you, Minister.

We'll move to Mr. Easter for five minutes. You can pump up Mr. Atamanenko in response to his cheerleading for you.

Hon. Wayne Easter (Malpeque, Lib.): When you have a good report, Mr. Chair, it speaks for itself.

Anyway, Mr. Minister, welcome. I know that certainly your heart is in the right place in doing what you can for the farm community, but you're dealing with a tough crowd in terms of your cabinet and even the department.

I've been fairly open about this. I believe we've seen a lot of wordsmithing from the new government on what they're doing for the farm community; the impression is left with the general public that they're doing much more than they really are, starting with the budget. The budgetary announcements by Minister Flaherty left the

impression that you were putting more money out there for farmers, and actually there is less money than was committed the previous year.

I have a few specific questions.

Certainly the impression was left with the farmers who were demonstrating on the Hill that there would be immediate assistance for spring. We haven't seen any of that money, and there really is nothing there in terms of immediate assistance for spring. So on your \$1.5 billion you claim, I have two specifics on that. First, will any of that money be there to meet spring bills? We're beyond the need for cash now. Will any of that money be there to meet spring planting bills and spring bills? Second, on the low family farm income, is that a part of the \$1.5 billion, or in addition to it?

Tied into that is the interest-free loan. I think you know—you've been in business, Mr. Minister—you can't borrow yourself out of debt. Your average Canadian out there actually believed, when you announced the \$100,000, that was money from the Government of Canada to the farm community. It's farmers' own money. It's a good program, and we will work with you to try to get that legislation through rapidly. But the fact of the matter is, there is a break from government on interest, and it is really just an additional loan. Has the department done any analysis on how many farmers will not qualify for that interest advance?

I'm hearing from farmers out there that they're in a credit crunch. They haven't paid last year's interest cash advance; they won't qualify for this one. In terms of this announcement, has the department done any analysis on who will not be eligible for that money? You cannot borrow yourself out of debt. The impression has been left with the general public that you're dealing with the farm crisis, when in effect you're doing practically nothing.

I have more. Just as long as you don't give me a Ralph Goodale answer, Mr. Minister, we'll have enough time for another question.

Hon. Chuck Strahl: You asked quite a few there, Mr. Easter.

I'm just checking with officials here. I don't believe we have an analysis of how many will not qualify. We do have an estimate of how many will take it up. It's a bit of guesswork, of course, because we're not sure. Farmers don't have to take it up, so it's a bit of a guess. We are estimating that it will put another \$500 million into the system, and so that's the analysis that has been done, but I don't have a number as to how many won't do it.

Just on several fronts—one is on low family farm income. That is part of the \$1.5 billion. Details of it haven't been announced yet, either because it hasn't gone through the approval process or because it hasn't been completed yet. I announced the general parameters of it. It's an attempt to catch those who have fallen through the cracks, have low family farm income for whatever reasons. It could have been that they've had a couple of drought years in succession on the prairies, or grasshoppers, or they could have been diseased out, or who knows what. This will catch a good number of farmers. Again, I can't announce the details of it, but it is part of the \$500 million.

As you mentioned, the \$100,000 maximum interest-free loan and the \$400,000 maximum available under ESCAP are not completely without strings for farmers; they have to pay them back, but they do allow them not only the increased dollar amount, but also an increased period to market their products. The combination should be good for farmers. It gives them until September 2007 to market, and so it's not as if they have to plant their product, sell it this fall, take whatever price is there, and pay them back. They'll have 16 months to market. That should allow them, in that 16 months, to hope they have that money interest free, and they give them the maximum opportunity to market at the best price during that 16-month period. So it's hoped that will be beneficial to farmers as well.

Maybe I'll go back for another question.

• (0945)

The Chair: You're actually out of time. We'll catch Mr. Easter again in the next round.

Mr. Bellavance, you may continue for another five minutes.

Madame DeBellefeuille.

[Translation]

Mrs. Claude DeBellefeuille (Beauharnois—Salaberry, BQ): Good morning, Minister.

There's nothing reassuring for Quebec producers in what you said about the WTO supply management negotiations. You just said, twice instead of once, that we were alone on this question among 148 countries. We are in fact quite isolated. You virtually asserted, on at least two occasions, that we would continue to be a member of the WTO following these negotiations.

Wouldn't allowing large quantities of milk proteins to enter the country, as you're currently doing, be an indirect way of making the supply management problem disappear? Couldn't you simply make it so that the tariff line permitting protein imports is amended?

[English]

Hon. Chuck Strahl: I don't think the milk protein concentrates are a potential problem for the supply-managed sector. I'm very pleased that the producers and the *transformateurs laitiers* are working together right now in a working group, which I put together, along with a mediator. Those discussions are taking place on everything from milk composition standards to milk protein concentrates, on what to do with skim milk powder excesses, and on a whole range of issues that I think are best solved by working with both the processors and producers in a negotiated way.

That being said, I don't think the importation of MPCs mostly from Europe is an attempt to destroy supply management. It's simply

an attempt by someone—a producer or a *transformateur*—in Europe to make a dollar. It's an opportunity for them to make money, and that's why they're doing it.

But it's difficult to control. Initially there was some thought of using the WTO's article 28 to try to limit the imports of MPCs. The difficulty then becomes that since we lost the Canadian International Trade Tribunal ruling to try to limit these imports, it's doubtful whether using article 28 would be successful in actually limiting imports for very long.

What's worse is the worry that it will simply switch from European imports to American or New Zealand imports, all of which have lots of MPC capacity. They're just looking for an opportunity to dump them into Canadian markets.

My hope is that between the farmers and processors, this working group will come up with a range of options or solutions, including composition standards for milk products and what to do to re-establish growth in the industry. I think it's the best way to solve this problem.

I don't think it's particularly an attack on supply management, but indirectly of course, it does affect it.

• (0950)

The Chair: Mr. Bellavance, you have a minute and a half.

[Translation]

Mr. André Bellavance: In fact, Minister, you could do as the Americans did in the case of milk proteins and act through regulations. The idea would simply be to correct the mistake made at the outset by the Border Services Agency, which included the product in the wrong tariff line. I believe you can do that by regulation.

Why don't you take action in that direction?

[English]

Hon. Chuck Strahl: We could try that, but the difficulty may be that once we get down that road.... Of course, whenever we make those kinds of changes to an established process—right now, it's below 85% protein level and different rates above that—the Americans will certainly challenge it.

Our concern is that under NAFTA, the Americans will not only challenge it but likely use the opportunity to challenge the whole supply management system. That's the real danger, and what I said to the Dairy Farmers of Canada is that if we can negotiate something with our processors on milk composition standards and the whole use of MPCs, what we do with the excess dry milk powder, and so on, then we can do it internally. We can secure the market and create our own domestic market for MPCs, or whatever it might be. That's the best way forward.

If we throw it open, it's the old situation, and it becomes like a court case with the Americans. We might win, but what's the danger of rolling the dice with this if we lose? If we lose, the Americans will be delighted to take us to court. But they won't just challenge us on MPCs, they'll challenge the whole system, because we won that battle back in 1996. But if they reopen the battle again, they'll say this is a delightful time to do it. Of course, they're eyeing our market hungrily, and we're trying to protect our supply management system.

I'm concerned that if we throw that open into a court type case, like we did with the CITT, then you may win, but you might lose big too. So that's why I'm encouraging the processors.... And I'm pleased to see the processors and the farmers working together to try to negotiate something.

The Chair: Thank you, Mr. Bellavance.

Mr. Miller, five minutes please.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you very much, Mr. Minister, for being here.

I appreciate the work you're doing in giving western wheat farmers the same advantages as Ontario wheat producers have in marketing their product. I think that's an option that every producer should have.

On the CAIS program, Mr. Minister, we're stuck with a program put in by the former government and there are some changes that we would like to have scrapped. You have made some changes there that didn't make all commodity groups happy at the start, but most of the commodity groups in Ontario are happy with it. Now, there is a bit of a concern with the grains and oilseeds people. I'd like you to speak about that because I think these changes are probably going to be more beneficial than they appeared at the start.

Mr. Minister, I'd like you to comment a little more on our biofuel policy, not only the financial benefit but the environmental benefit to our farmers, and to speak on a national meat inspection code and what the federal government's role might be in that. Also, you didn't get a chance to finish your comments earlier to Mr. Bezan on the bluetongue issue.

Perhaps I could leave those with you. What's your answer?

Hon. Chuck Strahl: Thank you. I appreciate your comments on the Canadian Wheat Board, and as already mentioned, there's a healthy debate out there about what should happen to the Wheat Board. Certainly we've been very open about our desire to move to a dual marketing system.

What I've been reluctant to do is just say, well, let's make the changes and let the chips fall where they may. I think it does need to be a well-managed change. I think farmers have to be engaged in

that. We don't want to leave some unanswered questions and leave farmers vulnerable. So we're being very careful about it, and I think that's the prudent thing to do. But I do think as we move to more value-added products and more farmer involvement in the processing industry, it's going to be important that farmers get a chance to make a buck, every buck, through this system, and that's why I think a dual marketing system is in their best interests.

As for the CAIS program, again, some of these figures are still being worked out with the provinces because some provinces administer their own CAIS program. There is no doubt that our initial figures, our best figures that we have, show that the grains and oilseeds sector will benefit the most from these retroactive inventory valuation changes more than any other sector. Beef is second, and then the rest. All the sectors get something out of it, but grains and oilseeds are the biggest single recipients, and then beef is after that. So grains and oilseeds, of the \$900 million on the inventory valuation, will get the biggest share of that.

Of course, they also receive their portion of the \$755 million GOPP program that was announced on the first day of the government.

On the meat inspection code, we have done some work. I know there's some interest from the provinces to try to have the CFIA international standard, if you will, the standard for export purposes. There is a very rigorous standard and it's getting more rigorous, and it will probably continue to be more rigorous. There is interest from the provinces to have a standard that will allow the sale of meat across provincial borders—not internationally, but across provincial borders. There is broad interest in that, and we're working with the provinces now to see what that might look like. Of course, a large number, especially the small abattoirs, tend to be local efforts, but when they're right along a border on any of the provinces they see an opportunity there, and we're trying to find a way to make that possible without having to reach the highest standard of the international standards.

So efforts are ongoing to make that happen, and the provinces are very interested in that. There is some budget set aside to see if we can make that happen.

On the bluetongue/anaplasmosis issue, this is going very well. I think there has been an effort by CFIA working with officials down in the States. We've been keen, as have the Canadian Cattlemen's Association and the provincial cattle associations. They have all wanted to get the border open for a free flow of beef without the restriction on bluetongue/anaplasmosis. There has been an ongoing study for some period now. I don't know when it started, but what we have done is publish a document. It's available for discussion now. The provinces are commenting on it, the industry. Parts of the industry, the agriculture sector, the sheep industry, for example, are commenting on it because they are quite concerned about potential bluetongue/anaplasmosis in their own livestock.

So that discussion paper is out. They've asked for an extra week or so, I think, to express their views, and then following that, we hope to move ahead, based on science and some other technical documents that are published right now. That paper is available for discussion. If anybody has some particular views on it, I welcome those, but it should be done quickly because we plan to move ahead with that and we plan to open the border for anaplasmosis and for bluetongue as quickly as possible.

• (0955)

The Chair: Thanks, Mr. Miller.

Mr. Boshcoff, we have about two or three minutes left. They're yours.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Then I will ask two questions.

Is there a sense of urgency, not only in your department but also in the public service department, in response to the income crisis in agriculture?

Second, yesterday in the international trade committee the softwood people clearly indicated that the appeals panel was essentially now rendered useless with the current agreement in that it will precipitate, especially on supply management, a numerous set of challenges that the Americans will be allowed to make without our being able to defend them.

Thirdly, on the hopper car fleet, the Farmer Rail Car Coalition has indicated they're willing to support the government, provided their conditions.... There are six conditions. I believe you are familiar with them. I'll table them now so the chair can have them and distribute them.

Why don't we just go with those three, seeing as my time is rather limited, and I know yours is. I also have lots of questions for the dairy industry later on.

Thank you.

Hon. Chuck Strahl: Obviously there's a sense of urgency, and right now it's particularly in grains and oilseeds. I'm always careful to point out to people not to be completely doom and gloom about the agriculture sector. There are parts of it doing quite well, that are profitable and so on. But especially in grains and oilseeds, there's a real income problem, no doubt about it.

Again, that's why we accelerated not only the payout but the amount of money that went out from the GOPP payment that was approved in the previous Parliament and hadn't been paid out. We

paid out much more of it in the spring advance—90% of it went out in the initial payment rather than dividing it into a 70-30 split, as it was originally designed. Also, the changes to the ESCAP program, and even the AMPA, if we can get it done through Parliament, will all help farmers this spring.

I am somewhat encouraged that prices seem to have bottomed out and come back a little bit in recent weeks, both on wheat and corn. There's starting to be a little bit of movement there, perhaps partly because of biofuel initiatives around the world, but also because of some particular problems both in Brazil and the United States with drought and so on. Let's hope the wheat prices continue to rebound and the corn comes back some.

All of this is hopeful, but every time farmers plant a crop they're hopeful. So hopefully all this will help.

On the idea of NAFTA challenges or the fact that we're likely to see a series of NAFTA challenges because of the Softwood Lumber Agreement, I've had no indication of that. There hasn't been any concern expressed from our legal department about it, that we see anything brewing, that something's on the horizon or somebody's tabled a document. There's been nothing that I know of. I don't know what might have.... I can't even comment on it, because I've seen nothing on it that would indicate that's the case.

I'll have to look that testimony up to see what their arguments are. From my point of view I haven't seen anything, but I'd be interested in having a look at that.

Finally, with the rail car coalition and their conditions on how they want to help, there are a couple of things.

I'm keen to work with people who are keen to work with farmers, and that includes the people from the rail car coalition. But the truth is that thing went on for eight years under the previous government—eight years of “We're going to sell it to them”, “We're thinking of selling it to them”, “We might sell it to them”, “We're really going to sell it to them”. And now for the coalition to say we've been way too quick to move on this....

When I talk to farmers in the Prairies, even the ones who supported the coalition said, finally, somebody made a decision. They're concerned about some of these same conditions you've raised, and we need to address them.

But the reality is that the decision had to be made. Uncertainty is a killer for business. This thing wasn't an anvil, but it had become a political football, and I think we needed to make a decision. Now we need to make it work. That's why I'm interested in seeing these proposals and motions. I'm not allergic to any of them. Let's find out what went wrong before and what we can do to make sure it goes right.

To me, the rail car coalition is a group of people supportive of farmers, concerned about farmers. In that sense, I'm interested in working with them. But the rail car coalition was formed to buy the cars. If that's its purpose, its purpose is over. We're not selling the cars. We're keeping the cars. We're going to look after the cars, and we're going to use them for farmers. The way we have it designed, it will mean lower freight rates for farmers. We're not engaging with the rail car coalition with any idea that we're going to reverse that decision. We're just interested in their input as interested people supportive to farmers.

I'm interested in hearing from them, but it's not in the light of thinking we'll reverse our decision or that they're going to persuade us differently.

• (1000)

The Chair: Thank you, Mr. Boshcoff.

Thank you, Minister, for appearing with us today, on the first of many such trips, I'm certain. Thank you for your input. I know the committee has gained from that. We look forward to having you back before us again.

This committee will suspend for a couple of minutes while we—

Hon. Wayne Easter: I have a point of order, Mr. Chair. I know you've argued previously that ministers should stay an extra hour, so I would create the same argument. I wonder if the minister would be willing to stay for the full time of the committee.

The Chair: I'm not the caretaker of the minister's time. It's certainly up to him. But I know that on his schedule today we had him down for an hour, and everybody has had access to that schedule for well over a week, Mr. Easter.

Your point is well taken. Certainly the minister will make himself available to us again. Thank you.

The committee will suspend at this point so that we can bring up a new set of witnesses for the next half of the committee meeting.

Thank you.

• (1000)

_____ (Pause) _____

• (1010)

The Chair: Welcome, everyone, to the second half of our meeting this morning.

We have with us today Terry Hearn, assistant deputy minister, corporate management; Andrew Marsland, assistant deputy minister, market and industry services; Suzanne Vinet, assistant deputy minister, strategic policy branch; Marc Fortin, assistant deputy minister, research branch; Graham Barr, director, multilateral trade, policy division; and of course, Danny Foster, no stranger to the committee, director general, business risk management, program development. Fancy title.

Thank you, ladies and gentlemen, for appearing with us today.

Does anyone have opening remarks? We'll keep them fairly short and concise. We just have the half hour.

Mr. Hearn.

Mr. Terry Hearn (Assistant Deputy Minister, Corporate Management, Department of Agriculture and Agri-Food): No, we don't have any opening remarks. We're ready for questions.

The Chair: Oh well, there we go. That's even better.

Mr. Boshcoff has the first hand in the air.

Now, do we want to shorten this to a three-minute round, folks? Are we okay with that, to get more people involved? Is everybody okay with that?

Some hon. members: Agreed.

The Chair: All right. Short preambles, not the Easter style. Short preambles, short questions, short answers, and we'll be good to go.

Mr. Boshcoff.

Mr. Ken Boshcoff: Your namesake, the CFIA, the coalition for integrity in agriculture, has made a presentation to the Prime Minister about their concerns about the unconfined release of plants for generic seeding, all those kinds of things, the safety measures for terminators, the lack of process involved in terms of trying to get public input in here in any kind of meaningful way. Do you have a response to them or have you prepared one for the Prime Minister?

Ms. Suzanne Vinet (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): I'm not aware of a response prepared for the Prime Minister's letter and I'm not aware of this particular letter, but there's been a lot of interaction with the department on that question. There is no marketing or anything of the GURT technology right now.

So I'd be happy to have a look at that particular letter. But I think you said it was addressed to the CFIA?

Mr. Ken Boshcoff: No, it is the other CFIA, the coalition.

Ms. Suzanne Vinet: Oh, the other CFIA, got it. But we'll be happy to look at it.

Mr. Ken Boshcoff: Then, specific to the abattoir program and Canada's self-sufficiency in agriculture, there are projects all over the country, and my riding, the Rainy River district, has a proposal that feels that as they go through the process the rules are made for the big guys, the international corporations, as opposed to any kind of regional or local abattoir project. I'm wondering if the funding that has been made available to such proponents, if it's continuing, will continue, and if it can be made adaptable so that it's Canadian farmer friendly, as opposed to essentially bowing to the international corporate scene. I think you're familiar with those processes.

So it's when we talk about how we can help local and regional abattoir development and Canadian self-sufficiency for farm operations.

• (1015)

Mr. Terry Hearn: I'll pass this to Danny Foster to respond.

Mr. Danny Foster (Director General, Business Risk Management Program Development, Department of Agriculture and Agri-Food): There were basically three programs put in place by the government to help with the issue of increased slaughter capacity in Canada. One was called the ruminant slaughter loan loss reserve program. That would help industries or entities seeking debt financing to access that through the financial institutions. That's still up and running.

The second one was the ruminant slaughter equity assistance program to help producers invest in ruminant slaughter facilities. There was \$10 million allocated to that. That has been fully subscribed, so there's no further assistance available under that program.

The third program was a ruminant facility assessment assistance program to help people or projects that are interested in establishing ruminant slaughter facilities to undertake feasibility studies. Again, that one has been fully subscribed.

So the only existing program that's still up and running, in terms of having access to funds, is the ruminant loan loss reserve program, and it's still open for business. We have financial institutions signed up as part of that program, and we're operating accordingly.

The Chair: Thank you, Mr. Boshcoff.

Monsieur Bellavance, three minutes.

[Translation]

Mr. André Bellavance: I'll continue on the same subject. As I told the minister a little earlier, I made a tour and met with farmers last week. They reported problems concerning the Ruminant Slaughter Loan Loss Reserve program.

I know that the Billette slaughterhouse has received a certain amount of money. As for the Colbex-Levinoff slaughterhouse, people wanted to buy it and were prepared to invest in the slaughterhouse before the program existed.

Is there any way to obtain retroactive assistance? Are there any terms that could be amended so there is a chance for producers who have joined forces to buy a slaughterhouse to receive money under the program? In addition, is any new money provided under this program to assist slaughterhouses that have received funding, but see growth potential and need more investment?

Mr. Terry Hearn: I'll let Danny Foster answer that question.

[English]

Mr. Danny Foster: Again, under the ruminant slaughter equity assistance program, it's been fully subscribed. I understand the situation you're talking about. There were entities that were looking for money in advance of program approval. There is no plan to go back and reopen the program and no plan in terms of retroactive enrolment for entities that were up and running before program approval.

[Translation]

Mr. André Bellavance: If I understand correctly, there's no openness on the department's part. There is no indication that it could be extended. We have no idea whether there's a chance of that. It's finished for good?

[English]

Mr. Danny Foster: Yes.

[Translation]

Mr. André Bellavance: Is there anyone from the Canadian Food Inspection Agency?

[English]

The Chair: You will have to do it in the next half hour.

[Translation]

Mr. André Bellavance: That's fine with me for the moment.

[English]

The Chair: Madame DeBellefeuille, do you have a short question for the officials?

[Translation]

Mrs. Claude DeBellefeuille: Agriculture is new to me, and I want to ask you a question. I don't know whether anyone can answer it. My question concerns the reassignment of Mirabel farm land. I don't know whether you're up on the issue. May I ask a question on the subject? Is there a speaker who can answer? Eleven thousand acres of land were expropriated to build Mirabel Airport. Are you up on the issue?

• (1020)

Mr. Terry Hearn: Unfortunately, no. I can take note of the question so that I can give you a better answer later.

Mrs. Claude DeBellefeuille: In fact, I wanted to see what the department's attitude was, if it was going to support the demands of farmers who want their lands back. Discussions are currently under way, and the town of Mirabel would perhaps like to get back certain lands. I wanted to see where the matter stood.

[English]

The Chair: Mr. Hearn, will you take that question and get back to the committee with a response?

Mr. Terry Hearn: Yes, I have the question. We'll have to consult, potentially, with another department or so, but we will take the question.

The Chair: Thank you, Madame.

Mr. Anderson, you have three minutes.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, Mr. Chair.

I guess there's a lot of excitement and interest in biofuels across this country, but no more so than out on the Prairies. I know it's a multi-department initiative that's taking place. But I'd just like to know, in your opinion, how long it is going to take us to get up and running. We don't have a lot of time because of developments across the border. They are moving quickly to put plants in right across the border. How long is it going to take us to put in place the programs and projects that we need?

Ms. Suzanne Vinet: The minister is holding consultations. We're certainly accelerating the work in developing the strategy in support of the biofuel objective. The ministers of environment, natural resources, and agriculture had some consultations in Regina last week, and there'll be further consultations with stakeholders in the sector that have an interest in developing projects. We're working very closely with the industry, with the sector, with the view to having a strategy and initiatives to put in place as quickly as possible.

Mr. David Anderson: We probably need this going in at least the next 18 months. Is that going to be possible?

Ms. Suzanne Vinet: We're working with the view to having a strategy in place by the fall, if everything goes well, but we're working very closely with the industry in developing the approach.

Mr. David Anderson: There are some projects that are at a far more developed stage than others are, particularly those coming off the last ethanol expansion program. I'm just wondering whether they are going to be treated differently. Do you know if they'll be given the opportunity to move ahead while the other projects are developing, or are you going to expect that everyone will start at the same point?

Ms. Suzanne Vinet: The ethanol projects currently being undertaken under the ethanol expansion program are going ahead independently.

Mr. David Anderson: I understand that, but there are other projects that were not part of that, and they are still in the mix and ready to operate.

Ms. Suzanne Vinet: There have been no decisions made on that yet.

Mr. David Anderson: I have another question, then. The commitment has been 5% by 2010. Is there going to be any breakdown there between biodiesel and ethanol, or is it 5% of both of them, or 5% of total volume? Will there be a specific breakdown to a certain percentage of biodiesel and a certain percentage of ethanol?

Ms. Suzanne Vinet: That's what we're looking at with the industry. Right now, through the consultations, we're exploring and defining the breadth and the specificity.

Mr. David Anderson: Well, I hope there's an urgency here, because everybody understands that. We would expect there would be as well.

That's pretty much the end.

The Chair: Is there anyone else for a short redirect? At this point we probably won't get back to you. That's it?

All right, Mr. Atamanenko, go ahead for three minutes, please.

Mr. Alex Atamanenko: First of all, are the people from Porcupine, Saskatchewan, going to get part of the \$50 million that the minister mentioned for disaster relief in Manitoba? That's the first question.

And I have a follow-up question on the Wheat Board. Can anybody answer that?

Mr. Terry Hearn: On the Wheat Board?

Mr. Alex Atamanenko: Yes.

Mr. Terry Hearn: Yes, we can.

Mr. Alex Atamanenko: I'll just ask a very quick question. We're talking about dual marketing. Is there a difference between a dual and an open market? Have there been any studies or any reports done that show that in effect a dual or an open market system has been truly beneficial to farmers in other parts of the world? You know, we should learn from other people's experience. That's a concern I have.

Those are my two questions.

Ms. Suzanne Vinet: On the disaster issue, it should be Dan.

Mr. Danny Foster: With respect to the disaster, it's the cover crop program. For 2005-06 it's \$15 an acre for unseeded acreage.

The minister referred to Saskatchewan and Manitoba as being the primary beneficiaries, but the program is national. So if there is unseeded acreage in other provinces, it would be very small. But it is a national program that will benefit any producer who is unable to seed in either 2005 or 2006 due to excess moisture. There is no requirement to be participating in the production insurance programs to access that assistance.

•(1025)

Mr. Alex Atamanenko: Okay, thank you.

Ms. Suzanne Vinet: Regarding the question about the Wheat Board, over the years there have been a number of studies done. I'm not aware of any recent studies that specifically look at a proposal of dual market or open market, but there have been a number of studies. The Wheat Board itself has also conducted a number of studies. I think the best thing to do would be to give you a bibliography or even some copies of some of the studies that have been done, but they are quite numerous, so it would assist us if you could narrow the question down.

I'm not aware of any recent work done on this. Most of the work has been done by independent researchers in universities across both Canada and the United States.

Mr. Alex Atamanenko: Thank you.

The Chair: Mr. Atamanenko, you're all done?

Mr. Alex Atamanenko: I have just one last question on the disaster. Initially funding was going to go to the farmers in Porcupine through the Government of Saskatchewan. What are the mechanics of getting that funding?

The reason I'm asking about farmers in Porcupine is that they're the ones who came and talked to all of us. How does a person there go about getting some help?

Mr. Danny Foster: For any individual who has production insurance, that information will be provided by the provincial production insurance agency to the PFRA federal administration in Regina, and we will send out an application with the relevant information. If the producer does not have production insurance, they call the PFRA 1-800 number, and an application will be sent to them. It's an application process. That's how they access the assistance.

Mr. Alex Atamanenko: All right, thank you.

The Chair: Thank you, Mr. Atamanenko.

Mr. Easter, you have three minutes, please.

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

On the Wheat Board question, Suzanne, the fact of the matter is that if you do a market system, you don't have single-desk selling. That's the reality. So let's not mess around with words. If you have a dual marketing system, you no longer have a single-desk selling system. That's the reality of the world.

On the ethanol/biodiesel program, I just have three quick questions. Has anything been done to ensure that farmers are not just providing another cheap raw material? In other words, will Canadian farmers be given equivalency to U.S. farm product prices for feedstock going into those ethanol plants? It makes no sense from a farmer's perspective to be selling a product below the cost of production. That's number one.

Number two, will you have an equity capital program to provide equity capital so that rural Canada can be involved in the plants themselves and the profits from those plants?

And three, if we're using new generation co-ops, will there be a requirement for the majority to have farm ownership, as there is in the United States, where the required majority of those co-ops is 51% farm ownership?

What I'm saying is that farmers should be involved; the rural community should be involved. They should be able to profit from the production of the product, and they should be able to profit from the output of the business. Unless those requirements are in place, the ethanol/biodiesel system will not do what we want it to do.

Ms. Suzanne Vinet: The commitment of the government in developing the biofuel strategy is definite. That's why we have already started with the consultation. We're working very closely with the stakeholders, with the producer groups, in developing the approach. The underlying commitment is to make sure that producers benefit from the biofuel strategy.

We're going to be looking at types of initiatives. We've been receiving a lot of input from the sector already on different methods and ways producers want to participate, not only in providing the raw input as you mentioned, but also in benefiting at the output stage of the fuel, either through new generation co-ops or other mechanisms.

We've obviously also been working with the provinces very closely, because they have a stake in this. They are also quite keen in helping meet the commitment of developing the biofuel sector.

As we're proceeding in June, the Minister of Agriculture will be holding consultations with a number of producer groups in seeking input from them on specific initiatives that they want to see undertaken in support of a biofuel strategy.

So this is one that we're developing in partnership with the producers to make sure at the end of the day that they fully benefit from the results of the strategy.

•(1030)

The Chair: Thank you, Mr. Easter.

Mr. Devolin, a short question to wind up.

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thank you.

On a follow-up, in terms of the investment that will be required to create the capacity to hit this target of 5%, do you have a sense of the actual total investment needed in Canada? For example, what is the current capacity to produce these fuels, what does 5% actually mean, how many litres a year is that, and how many millions of dollars in total investment are actually going to be required in the next few years, wherever the source of that investment is?

Ms. Suzanne Vinet: From a capacity perspective, well, it's roughly doubling the capacity. So we're going to have to work with the industry to see their individual strategies in each of the commodity groups, to see how they want to capture that and how we're going to be able to meet it. As part of this, we are also evaluating how much investment we have to put in.

Also, there is not only going to be creating the business environment to effect the biofuel strategy, but we're also going to be undertaking a lot of scientific work, research work, in support of that as well.

Mr. Barry Devolin: I'm wondering if you have an order of magnitude in terms of the investment needed—\$1 million, \$10 million, \$100 million, \$500 million?

Ms. Suzanne Vinet: It's in the early stages. That's what we're doing in these meetings with the industry. There's not a day goes by that we don't sit down with the industry. We're also receiving a lot of briefs. We're doing a lot of the analysis right now to evaluate this so that by the time we announce a strategy we've figured out exactly the kind of investment and the kind of initiative that the industry is supportive of and that will be beneficial to them.

So I can't really give you a range at this time because we're right in the middle of doing all that work.

The Chair: Thank you, Mr. Devolin.

Just to follow up on that, there was none of this work being done, none of this work in the hopper, up until this point. So you have no historical data to work with.

Ms. Suzanne Vinet: What we have is an understanding of how much ethanol we're doing, but the 5% strategy was an initiative of the new government. So as soon as the government came into place, we started doing the work and meeting with the industry and developing all that.

The Chair: Right, and as Mr. Anderson said, there is a need for expediency here to get it up and running. So we'll leave that with you.

Thank you so much. We've just scratched the surface here today, but we wanted to get everyone on the record in a spring session. As we work towards the fall, of course, we'll get back and visit with you folks again, I'm sure. So thank you for now.

The committee will suspend for one minute maximum, folks, while we bring up some new witnesses here. Time is burning. Thank you so much.

• (1030) _____ (Pause) _____

• (1035)

The Chair: I call this meeting back into session. Thank you so much for making that quick shuffle. I know you've done it before.

With us for the second half, from the Canadian Food Inspection Agency, are Krista Mountjoy, vice-president of programs and international; Dr. Brian Evans, chief veterinary officer of Canada; André Gravel, executive vice-president; Judith Bossé, vice-president of science; Cameron Prince, vice-president of operations; and Gordon White, vice-president of finance, administration, and information technology.

If they don't know it, we shouldn't ask it, folks.

Oh, we also have Kristine Stolarik. You're not on my list. Thanks for sticking around. You're no stranger to the committee as well.

Does anyone have an opening statement at all?

Mr. André Gravel (Executive Vice-President, Canadian Food Inspection Agency): No, Mr. Chairman, we don't. We're ready for questions.

The Chair: That's great. We'll work right into questions, starting with a three-minute round.

Mr. Easter, you have your hand up already. The washroom is around the corner.

You've all read the Easter report.

Hon. Wayne Easter: Yes, I hope they have, because there's a lot of good stuff in there.

In any event—and you may have to get back to me on this—on the potato wart issue in P.E.I., I really believe the Canadian Food Inspection Agency did all they could in that matter and are doing all they can to ensure that the potential of a problem from potato wart remains isolated—disinfection going into fields and so on. But I think we have had a situation develop where a potato producer rents land from another farmer, that land is quarantined, and it is understandable that in the first instance the potato producer be compensated for the protection of the industry. The landowner, however, has a lot of restrictions placed on him or her in terms of the use of the land, in terms of disinfecting equipment going in, etc.

What is happening now—we're into year three or four—is that the potato producer still gets compensation for the loss of the use of that land, even though it was leased from the other producer, and the producer, who owns the land and bears the cost of that land being out of production and being able to rent it for potato production at a higher price, is offered no compensation whatsoever. I think that certainly after a period of three years it should roll over that the landowner, especially if he or she is a producer, be compensated.

I wonder, can you address that point?

Secondly, the chicken farmers this morning indicated to us that they're very concerned about compensation on a potential avian flu new flare-up. Is the department or the agency looking at reviewing that compensation so that it can be done quickly and concisely in coordination with the industry?

If you have to get back to me, André, on the potato one, that's all right.

Mr. André Gravel: Thank you, Mr. Chairman.

As for the first question on potato wart, unfortunately I don't think the agency has an answer at this point in time, because it's a very specific file.

Hon. Wayne Easter: That's true.

Mr. André Gravel: But clearly we're going to get back to you, Mr. Chairman, with the answer.

With regard to compensation on poultry, the agency certainly has engaged the industry in discussion of compensation as a result of the outbreaks of avian influenza that Canada has experienced over the last few years. At that time, if you remember, we made a commitment in this committee, in fact, that the agency was going to be reviewing its compensation maxima. We're at a point now where we're almost finished with our review and we've shared some of the figures with industry.

The agency basically has looked at reviewing the maxima, but in a way that would allow higher maxima to be paid for purebred animals. So it's not only for chickens; the review the agency has conducted extends to all animal species, and a big change from the previous compensation package is a breakdown between registered purebred animals and commercial animals.

So we're at the last stage of review on that and we've started sharing that information with industry, Mr. Chairman.

• (1040)

The Chair: Thank you, Mr. Easter.

That review will be tabled when? You've done most of it and it's now back to industry. Is that what you're saying?

Mr. André Gravel: Yes, it is.

The Chair: Okay, so they're getting back to you with some discussion on that and so on before you...? Okay, thank you.

Mr. Bezan.

Mr. James Bezan: Thank you, Mr. Chair. I want to ask a couple of quick questions.

To Dr. Evans, about this last BSE cow in southern B.C. that we had, I was a little concerned that she doesn't seem to have any connection to the previous BSE cases in Alberta at all, to contaminated feed. Was there any linkage there at all, or what do you think is the source of the infection?

Second, we talked this morning with the minister about competitiveness and the approval of animal health products, the timeframe that's taken to get equal footing with animal health products in Canada versus other places in the world. Own-use import permits is the way we've been managing that, but what else are we doing to expedite that?

The third question I had was on the bluetongue/anaplasmosis. I can't believe we still haven't reached a final decision on this. It's something that's been on the table for the last 15 years. The Canadian Cattlemen's Association and other organizations have been advocating on that. I'm wondering why it's taking so long to come to a decision to move forward on that?

Mr. André Gravel: Mr. Chairman, if I may, I'll answer the two questions about approval of products and bluetongue/anaplasmosis and then I'll ask Dr. Brian Evans to update your question on BSE.

With regard to approval of animal health products, the agency itself is reviewing some of these products, mainly the vaccines and the diagnostic test kits. Over the last few years we've invested significant resources in updating and upgrading our facility to do a quicker review of these types of vaccines for animal diseases. And I think as far as the industry feedback is concerned, we've done very well in decreasing the backlog of submissions for these types of products.

We also have the opportunity to provide emergency approval for vaccine and diagnostic kits in case something comes up, an animal disease manifestation, for which a product hasn't been done. So from that standpoint, I think the agency has a mechanism to address the potential surge in workload from the industry.

Mr. Chairman, the approval of other health products used in animals, like vet drugs, comes under Health Canada. So from that standpoint I would encourage you to ask them that question. I know we cooperate with them in terms of implementing the maximum residue levels they set for these types of products, but I think it would be better to ask them the question.

With your permission, Mr. Chairman, I'll ask Dr. Brian Evans to answer the question on BSE.

Dr. Brian Evans (Chief Veterinary Officer of Canada, Canadian Food Inspection Agency): Thank you, André.

Thank you, Mr. Chairman.

Thank you, honourable member, for the question.

With respect to the fifth case, which was detected through our domestic surveillance program earlier this year, the comprehensive epidemiological report of the animal traceouts and the feed investigations is expected to be posted within a matter of days. We are reviewing that document, and we're very close to having that document circulated internationally—because a lot of our trading partners are interested in that document—as well as for the benefit of all Canadians, so they can fully understand the BSE story as it continues to unfold as we progress to eradication.

It is safe to say at this point, with respect to that animal detected in British Columbia, that we have identified some commonalities with the previous cases through the feed system in terms of the source of rendering material. There are multiple sources of feed on the farm. We don't want to overemphasize or underemphasize, but we can identify shipments of materials and ingredients used by the local feed mill producing feeds linked very tightly in production time to the case found in January, which is tied to that same geographical source we have identified with all our cases in Canada. We believe the findings, as they are published, will fit within the comprehensive

analysis released in January that ties all cases in Canada and explains their occurrence to the satisfaction of the scientific community.

● (1045)

The Chair: Thank you, Dr. Evans.

Mr. Bellavance?

Madame.

[Translation]

Mrs. Claude DeBellefeuille: For a few years now, the Canadian Food Inspection Agency has permitted the word “product” to be used to designate standardized dairy products such as processed cheese, for example. It's standardized under regulations, and consumers expect it consists solely of cheese.

However, it is now common practice to use the word “product” to alter the name of a standardized product that is not manufactured in accordance with the method prescribed by the Agency's regulations. As a result, consumers are being deceived. We wonder whether it's not the Agency's role to put a stop to this kind of practice. We have to make sure that consumers can choose what they want or don't want to eat in full knowledge of the facts.

Will the Canadian Food Inspection Agency shoulder its responsibilities and ensure that it carries out its mandate with regard to labelling? The point here is to use more reliable labelling so that consumers can make more informed choices.

Mr. André Gravel: I know that the Agency takes its labelling mandate very seriously. It's spending a lot of time and energy on this matter. It also has a mandate to protect against fraud, and its actions are clearly guided by policies on this matter.

On the subject of cheese, Ms. Mountjoy could provide us with more details, with your permission, Mr. Chairman.

[English]

Ms. Krista Mountjoy (Vice-President, Programs and International, Canadian Food Inspection Agency): Thank you, Dr. Gravel, and thank you, Mr. Chairman. I'd be delighted to respond to the question.

It is true that at this time these ingredients can be incorporated in cheese products. It is permitted under the regulations. The agency is pleased to support the work of the dairy producers, the dairy processors, and the department in looking at what would be the path going forward. We're very engaged in those discussions, providing technical expertise and advice in support of those discussions. We're hopeful that the path forward will be established. We'll take our guidance from there in terms of how we deal with this issue from a technical perspective.

The Chair: Thank you.

[Translation]

You have nothing to add, madam?

Mr. André Bellavance: Do we have any time left?

[English]

The Chair: Very short.

[Translation]

Mr. André Bellavance: In the last Parliament, Bill C-27, which concerned labelling, was introduced. Mr. Gravel, you said you were highly attentive to everything pertaining to this kind of question. Unfortunately, the bill died on the *Order Paper*. It contained an amendment on the names of dairy products.

Has the Agency already prepared to propose a way of proceeding to the government? If so, has it set it aside? Could you potentially work by yourselves, or would you need very specific provisions in order to do so? Would you be able to propose strict regulations regarding directions for use, packaging and so on?

Mr. André Gravel: Mr. Chairman, some committee members will recall that the Agency spent a lot of time and energy on Bill C-27. Unfortunately, as a result of deadlines related not to the Agency's priorities, but to those of Parliament, the bill could not be passed. As a result of that, many cases could not be resolved and are still pending.

You referred to one instance in particular. The Agency is completely aware of that situation. Many other cases concerning the Agency's actions with regard to farms are still outstanding. The Agency's still seeking solutions in that regard. Bill C-27 was the vehicle we had selected. Whatever the case may be, we know there are still deficiencies to correct.

• (1050)

[English]

The Chair: Thank you, Mr. Bellavance.

Mr. Atamanenko, three minutes please.

Mr. Alex Atamanenko: I'll try to be quick this time.

Having visited pork slaughterhouses, for example, I understand that there is a national standard when we export out of the country, and that there has to be the same meat standard from each part of the country. Other slaughter facilities that don't export have their own provincial standards, I believe. Is there a standard between provinces? That's the first question.

As well, in British Columbia right now, as you know, the government is consolidating and changing the act to tighten up on slaughter facilities for our meat packing plants, which is hitting the small producers hard. I'm talking about someone who slaughters a cow, sells it on the market, and travels around to different farms to do that. It's really hitting people in my riding who have these really small operations.

From your experience, has there been this question in other parts of Canada? Is there somewhere I can go to find out if any flexibility has been built in here, in some of the provinces, to enable the small-time producer to continue slaughtering without having to drive 500 kilometres to a major facility that may already be overtaxed, putting that person out of business?

I hope you understand my question. Thank you.

Mr. André Gravel: Thank you for the question.

Mr. Chairman, the federal standards for meat inspection apply to premises that are engaged in interprovincial and international trade. These standards are a combination of Canadian standards and input

that countries that accept Canadian meat have given to us over the years. If you were to look at the standards that Canada implements in those federal facilities, you would see a combination of food safety standards that are driven by our own expertise and a combination of input that we receive, as an example, from the U.S., the EU, Japan, and countries to which Canada ships. Those standards are normally very high standards.

The next level of standard has to do with what the provinces have implemented. Mr. Chairman, there's a great variation in terms of how these standards are derived and how they are implemented. There is a whole range or scope of standards that are associated with these small plants. In some provinces there is no mandatory inspection, and there is an inspection in some provinces. There is a wide variety of standards.

As far as we are concerned, we've initiated discussions with the provinces to come up with a national standard that would potentially allow trade to take place between provinces, as the minister previously mentioned. There is some level of agreement in terms of what these standards would be. It's going to be a matter of deciding how they will be implemented, how the provinces will deliver that system themselves, or whether the federal government will deliver it on their behalf.

Those of you who are from Saskatchewan, Manitoba, and to a certain extent B.C. would know that we deliver provincial meat inspections for some plants on the behalf of provinces. There is a lot of work being done with regard to standards and their applications.

In terms of your last question on where you should go in terms of flexibility for small producers that are stuck with no place to go, it's going to be very hard to come up with an answer on that. The majority of provinces that have implemented mandatory inspections have been facing these situations, where small plants did not meet the standards and had to be taken out of commission. It's a hard case.

The Chair: Thank you for answering.

Mr. Maloney.

Mr. John Maloney (Welland, Lib.): Plum pox continues to be a problem in the Niagara region. There was a plan under the eradication program that was to go to 2010 to help compensate farmers. That fund is almost expended. Is there a possibility of additional funding for that compensation program? If the eradication mode is not to be continued, what does management in fact mean?

• (1055)

Mr. André Gravel: Thank you, Mr. Chairman.

I'll ask Madame Krista Mountjoy to answer.

Ms. Krista Mountjoy: Thank you, Mr. Chair. I'm pleased to respond to the question.

The objective of our activities with respect to plum pox in the Niagara region continues to be eradication at this point. We understand the sensitivities around a couple of things. One is the activity that the agency undertakes when eradication is the goal and when positive trees are detected. How many trees around that tree need to be removed? It has an impact on the producer.

There is also the question of compensation. As you know, the agency compensates for the replacement value of the tree. There has been additional programming supported by Agriculture and Agri-Food Canada, as well as the Province of Ontario, with respect to business costs that go beyond the replacement value of the tree.

We have engaged in discussions with stakeholders who have been directly affected by the situation in the Niagara area. There is a plan to continue with the sampling over the course of the summer and to then work with stakeholders, as well as with international experts and scientists, to determine what the goal will be in going forward and the complimentary programs that would be associated with this. We are looking at the funding programs with Agriculture and Agri-Food Canada, as well as the Province of Ontario.

The Chair: Thank you.

Mr. Boshcoff, you have one minute.

Mr. Ken Boshcoff: Thank you very much.

Is there room in your department for a philosophical edge, especially internationally to offset international pressures, for a “buy Canada”, for support for Canadian farmers, and for support for Canadian agriculture as an overriding philosophical direction? Earlier I mentioned self-sufficiency for abattoirs and meat products.

Mr. André Gravel: Mr. Chairman, the agency has a lot of expertise in a great variety of areas. We have veterinarians, chemists, biologists, and lawyers. Unfortunately we don't have too many philosophers, because some of these questions are philosophical questions.

With regards to that type of question, the agency's mandate is a little restricted in terms of what the government has asked us to do. It concerns mainly the technical aspects related to implementation of these other government policies. So regarding the issue of buying Canadian product, the agency would be reflecting in its implementation plan some of the philosophical questions that have been translated into regulations and acts, with regards to labelling, as an example. We don't think it's within the agency's purview to put these types of issues on the table.

Mr. Ken Boshcoff: When you design your mission statements and all of these kinds of things, is there not an opportunity...? I know, you're the technical side. I'm just going to leave that with you. Thanks for nodding. I appreciate it.

The Chair: Thank you, Mr. Boshcoff.

Mr. Miller, you have three minutes.

Mr. Larry Miller: Thank you. I'm going to split my time, if possible, with Mr. Anderson.

I would just like to hear a few comments on progress made towards a national meat strategy or meat code. I think we can all agree that if we had had something in place at the time of the BSE crisis, the impact wouldn't have been so bad.

There are problems around the country, particularly in my part of Ontario, to do with the deadstock industry—rendering and what have you—and I'd like to hear your comments on whether there are any new ways we can deal with that part.

Mr. André Gravel: Thank you for the question.

Mr. Chairman, I briefly answered the question of the meat code earlier. There's a whole segment of history that I did not mention. In fact you will agree that I'm not the youngest guy on this panel, so I've been around for some time. I can tell you that before the agency was created at the Department of Agriculture we started to work on a national meat code in the late 1970s. With the agreement of all the provinces, we came up with a draft meat code that was to be adopted by the provinces. Unfortunately the difficulty has always been how this meat code is going to be interpreted and implemented. The major difficulty so far has been that maybe provinces are not eager to implement the standard in a way that would be acceptable to their neighbours. Basically what this means is that if Ontario agrees to a Quebec meat inspection standard, as an example, then a product that is inspected by either Quebec or Ontario would move freely between the two provinces on that basis.

Over the years there has been a certain reluctance, I must admit, by the provinces to agree to the implementation of the standard. That's one part of it. The other difficulty has been related to international trade. We have to be very careful in terms of how we set that standard, because there is a danger that whatever standard we have as an interprovincial standard becomes a norm for imported products. I think the agency has always been conscious of that.

On the deadstock situation, with your permission, I'll ask Krista or Cameron to provide comments.

● (1100)

Ms. Krista Mountjoy: Mr. Chair, regarding the deadstock and renderers, I'm assuming that perhaps the trigger for the question was the discussion on strengthening Canada's feed ban and the need for renderers and deadstock collectors to be able to implement any future decision about strengthening Canada's feed ban. I'm pleased to tell you that Agriculture and Agri-Food Canada has, to a great extent, led the discussion with stakeholders, provinces and the industry, including the rendering or deadstock industry, toward developing the capacity and the ability to respond should there be a decision made to strengthen the feed ban. Funding has been considered in those discussions with stakeholders.

In terms of additional specifics on that, I will leave it to my colleagues from Agriculture and Agri-Food Canada to address those, if I may.

The Chair: Thank you, Mr. Miller.

Mr. Easter, you had a short point to make, and then we'll have Mr. Anderson.

Hon. Wayne Easter: Yes. I think Mr. Gravel mentioned it in one of his responses. That is, what about the modernization of the Canadian Food Inspection Agency Act? It did die in the last Parliament after a lot of work by this committee, and I'm wondering if consideration is being given to bringing it forward. There are a lot of sections in that combined bill that are necessary if we're to be up to today's standards, so I'm wondering if that's under consideration. Can we expect it in this Parliament?

Mr. André Gravel: Mr. Chairman, there are other priorities the current government is trying to address, and the agency will certainly be responsive to the demands the government will be putting on the agency. As far as we're concerned as an agency, as I mentioned, we realize that the fact that we don't have the bill creates some gaps and maybe some opportunities, and we certainly will be continuing to work to address these issues.

The Chair: Madame DeBellefeuille.

[*Translation*]

Mrs. Claude DeBellefeuille: There are a lot of vegetable producers in my riding, and a number of them drew my attention to the fact that they had to comply with fairly demanding standards on pesticide use. They don't dispute the fact that this produces vegetables that are better for human health, but they oppose the fact that tomatoes are being imported from Mexico, where pesticide use is not governed by the same standards.

Why is it that the same standards are not set for those vegetables, which often cost less than Canadian products and for which products that are considered harmful to human health in Canada were used?

• (1105)

Mr. André Gravel: That's an excellent question, Mr. Chairman. It lets me talk about the role of the Canadian Food Inspection Agency with regard to import control.

The standards in effect for products offered to Canadian consumers, whether they come from Canada or from foreign countries, are the same. The standards established by Health Canada for pesticide residues, or other products used in harvesting, are the same, whether the product is imported or comes from Canada. The Agency has an annual plan for sampling domestic and imported fruits and vegetables, which, moreover, you can consult on our Web site, or which I can send to committee members. You can see the annual results, which show that a number of samples have been analyzed and the degree of compliance determined by the various analyses conducted by the Agency.

If my memory serves me, the majority—more than 90 percent—of the samples meet standards. I even believe that the percentage of samples of Canadian and imported products analyzed by the Agency that meet standards is greater than 95 percent. Non-standard products are identified by our import control system and are subject to more frequent sampling.

In addition, the Agency conducts visits to countries that export fruits and vegetables to Canada to ensure that they have established the necessary mechanisms, sampling programs and scientific infrastructure necessary to meet our standards.

Mrs. Claude DeBellefeuille: Mr. Gravel, is it possible to get a hold of the document you just referred to?

Mr. André Gravel: Certainly, it's the report on residues that the Agency has prepared. I'll be pleased to send it to you.

[*English*]

The Chair: Thank you, Madame.

Mr. Anderson.

Mr. David Anderson: I have just a quick question. One of the fertilizer companies has been trying to get approval for a slow-

release nitrogen product. Apparently it's an environmentally smart nitrogen. It's slow release. It reduces greenhouse gases. It will save farmers some money and increase their yields. It was invented in this country and it has been approved in the United States already. I understand there's some holdup on the approval process here.

Can you tell me where we are in the approval process for that product?

Mr. André Gravel: With pleasure, Mr. Chairman.

I'll ask Krista Mountjoy.

Ms. Krista Mountjoy: Thank you, Mr. Chair.

I know the file you're referring to. The file is one that involves not only assessment by CFIA. Also, in part, there is a question of a health assessment. We have had discussions with Health Canada, so we're very close to finalizing that.

We've engaged the company—the stakeholder—throughout, so the company is well aware and seems to be reasonably optimistic, as are we, that we'll be able to bring this file to a close very soon.

Mr. David Anderson: I hope it's closing in a positive direction.

The Chair: Thank you, Mr. Anderson.

Mr. Atamanenko. No?

Mr. Steckle.

Mr. Paul Steckle: There has been a great deal of discussion in various quarters of this country on terminator genes, and I'm just wondering where CFA stands on that. Has there been directive given by government in terms of where you need to go? This becomes, in many people's minds, a moral issue. So where are we going with that, and where is it at, and perhaps where do you see us going in the future?

Mr. André Gravel: Thank you, Mr. Chairman.

The issue of biotechnology is currently an issue in which the agency has a great investment. We look at these files of biotechnology with a scientific eye. The agency has the responsibility to evaluate new products that come to the market from the standpoint of their innocuousness to the environment and with regards to any impact on the feeding of animals. From that standpoint, the agency reviews very carefully every submission that is made by the private sector with very rigorous and scientific criteria to determine whether these products are acceptable or not.

So it's a long preamble to say that the agency would be looking with the same eye at products that have potentially terminator genes attached to them. In other words, are there scientific reasons why these products should or should not be approved? Do they represent a threat to the environment, to biodiversity, to the insect population, to other plants, etc? We will be making a determination on that basis.

There are other considerations, of course, but these considerations do not belong to the agency. I think Canada has made a decision not to entertain any approval of these products and we've made that determination public. It's clearly not an agency priority.

• (1110)

Mr. Paul Steckle: So your determinations are based on efficacy, not on ethical matters and ethical principles. The decision to ban or not to ban would be a government decision. Am I correct? Basically you're dealing with it from the efficacy standard.

Mr. André Gravel: The agency will be looking at the scientific aspect of these submissions to determine whether they are acceptable or not. This is our mandate.

The Chair: Thank you, Mr. Steckle.

Ladies and gentlemen, we extended the timeframe just a bit. I thank you for your patience in bearing with us today as we tap-danced through three different sets of witnesses.

If everyone would just stay in their seats for a minute, we have a bit of housekeeping at the end of the meeting here. It should take a couple of minutes. Thank you so much.

What we have before us today—and I'll just continue on because I know our guys have to run—is two separate issues. The AMPA legislation is set to be tabled in the House on Friday. Of course, any time legislation passes—I understand there's an all-party agreement to move that through fairly quickly to benefit producers—that means this legislation will come to committee possibly next week, and legislation trumps everything else. So we'll try to work it into our schedule, unless you folks would like an extra meeting or something like that. I'm open to that idea as well. It's just so you're aware that we may have to juggle with the timeframe we've laid out here.

Mr. Bellavance.

[Translation]

Mr. André Bellavance: Are you talking about Bill C-15?

[English]

The Chair: Yes.

The second issue is Mr. Atamanenko's motion. Everyone has a copy before them, and I understand Mr. Easter has some amendments.

Mr. Atamanenko, are you fine with his speaking to the amendments? These are friendly amendments.

Mr. Alex Atamanenko: Yes.

The Chair: Okay. So you're accepting the amendments?

Mr. Alex Atamanenko: Can I just ask about the procedure? Which is the motion that we vote on? Is it the friendly amendments, or my motion as presented?

The Chair: Well, your motion is tabled. That's before us. Now, Mr. Easter is making some amendments to your motion and we will speak to the amendments. Then if you don't like the motion as it's amended, you can vote against it, but that's basically the procedure.

Mr. Alex Atamanenko: If the amendment on the motion doesn't pass, we still have a chance to vote for this.

The Chair: Right. Yes, we go back to plan B. Plan A, and then plan B.

Mr. Easter, you have some amendments.

Hon. Wayne Easter: Mr. Chair, I believe the amendments clean it up and make it a little more specific. The fact of the matter is that the government did make a decision to renege on an agreement in principle between the FRCC and the government on the...[*Technical difficulty—Editor*].

It should be pointed out that this is not a new issue. There was an agreement signed by the previous government with the FRCC. The fact of the matter is that the government reneged on that agreement, although I do understand on the new agreement that the FRCC could be on side if specific conditions are met. Those specific conditions are outlined in (a), (b), and (c) of the amended motion. So I think it makes the motion more specific to the point, clarifies what FRCC is actually asking for, and holds the government more so to account.

The Chair: So you're not really making any amendments here.

Hon. Wayne Easter: You have them there, right? You don't have them?

The Chair: No, I don't have any amendments.

To your point about an agreement in principle, it had actually been signed off by cabinet but it had not gone through PCO, so technically there was no agreement that was binding on anybody in the future, not even a Liberal government if they were re-elected.

Hon. Wayne Easter: I guess that's the difference between this government and the last. When cabinet made decisions, we felt they'd be abided by, not overruled by the bureaucracy.

The Chair: There was a protocol, and PCO does have to sign off on it. Since there was no sign-off by PCO before the government fell, there's no agreement to be held to. So let's clarify that.

Hon. Wayne Easter: Can we get copies made?

The Chair: Do you have both official languages?

Hon. Wayne Easter: No, I don't.

The Chair: Then we may have a problem. Mr. Easter does not have his amendments in both official languages. Would you accept—

Hon. Wayne Easter: Let me just read into the record, then, what the amendment would consist of, and I'll read it slowly. The amendment would read:

That in view of the federal government's decision to renege on the agreement in principle between itself and the Farmer Rail Car Coalition that

—and the rest of it remains the same—

the Standing Committee on Agriculture call upon the federal government to retain ownership of the hopper car fleet and commit to the following:

(a) The revenue cap is reduced to reflect the actual maintenance costs estimated by the Canadian Transportation Agency to be for the sample year 2004, \$1,686 rather than the \$4,329 per car, per year.

(b) That the federal government rail hopper cars be modernized and ultimately replaced as soon as possible, and that the costs of replacement be borne by the federal government.

(c) That the federal government provide assurances that the assets are properly managed on behalf of the farmers.

• (1115)

The Chair: The amendments are on the table. Is there an agreement to...? Does anyone want to speak to those amendments or shall we vote on them?

Mr. Anderson.

Mr. David Anderson: I'd like to speak to them. We were prepared, actually, to go along with the original motion. We're definitely not going to be supporting this one. So it's up to—

The Chair: That's fine.

Shall we call the vote on the amendments? I call the question on the amendment, on Mr. Easter's amendments.

(Amendment agreed to)

[*Translation*]

Mr. André Bellavance: Be polite, sir!

[*English*]

The Chair: We're down to the main motion as amended. Is there any discussion?

[*Translation*]

Mr. André Bellavance: Be polite! You should have talked to us about it beforehand.

[*English*]

You should talk to us beforehand. Don't treat us like children or something like that. I don't like it.

The Chair: Point taken, Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: When the time comes...

[*English*]

The Chair: Gentlemen, please. We're on—

[*Translation*]

Mr. André Bellavance: You should have talked to us about it beforehand.

[*English*]

You should talk to us beforehand, that's all.

The Chair: Point taken.

We are now discussing the main motion as amended, since the amendment's passed. Is there any discussion? I call the question.

(Motion as amended agreed to)

The Chair: So we will make this as a report to the House. The clerk will write that up, bring it back to the committee as quickly as we can, and then we'll table it.

Thank you.

A voice: The second motion.

The Chair: The second motion, I'm sorry. Now we have motion number two.

Mr. Atamanenko, do you have any points to make on that?

Mr. Alex Atamanenko: There's also an amendment to the second motion that Mr. Easter has, following the same procedure.

The Chair: Mr. Easter, your amendment.

Hon. Wayne Easter: It just makes it a little clearer, Mr. Chair, but both really, in effect, mean the same thing, so I'm not overly concerned about the amendment. The amendment would say that the Standing Committee on Agriculture support a request from this committee that the Auditor General undertake an investigation into the possible misuse of rail hopper car maintenance costs since 1992.

The previous motion said “support the idea that the Auditor General undertake”. Maybe somebody who's better at words than I am could tell us whether they both mean the same thing. I really think what we have here is a case where the railways have been clearly gouging the farm communities on freight rates over inflated maintenance costs, and that's now known. Having the Auditor General undertake an investigation into the possible misuse of rail hopper cars maintenance costs since 1992 by the railways would be, I think, an important step.

To be honest with you, I don't know whether the amendment's absolutely necessary; I just think it makes it more specific.

The Chair: So the amendment you're proposing would change “idea” to “request”, basically.

Hon. Wayne Easter: The words “support the idea” would be dropped in favour of “support a request from this committee”.

The Chair: Any discussion on the amendment?

(Amendment agreed to)

(Motion as amended agreed to [See *Minutes of Proceedings*])

● (1120)

The Chair: Thank you, ladies and gentlemen, for your patience and perseverance.

This meeting is adjourned.

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