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—
Chair

Mr. James Bezan

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• (1530)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order as we continue on our agricultural policy framework study.

The motion was concurred in for travel to Washington next week, just so all of you are aware of that.

Joining us right now, from the department, we have Suzanne Vinet, Dr. Marc Fortin, and Gilles Saindon, who are going to be here for the first hour.

If you want to make opening comments—Marc, I believe you will be—please keep them to ten minutes or less. We'd appreciate that, as it will give us some time for questions.

Mr. Marc Fortin (Assistant Deputy Minister, Research Branch, Department of Agriculture and Agri-Food): Thank you, Mr. Chair.

It's a pleasure for me to be here to discuss with the committee the contributions of science and innovation to the agriculture and agri-food sector.

[Translation]

Scientists across Canada, and from across academic, private and public organizations, have made important contributions to agriculture. It's important we continue to harness the potential for innovation because agriculture and agrifood can provide solutions to national issues.

The health of Canadians is a priority, and we know that there is a link between nutrition and health. Another example of a contribution to a national priority is, of course, environmental sustainability, simply because most of the Canadian landscape is rural. Scientists also contribute to the energy sector, as we can derive energy directly from renewable biomass.

[English]

New knowledge, new ideas, and new scientific and market intelligence fuel innovation. They are also extending the range of products derived from the land beyond the conventional “food, feed, and fibre”.

While there's a good foundation and capacity for innovation in Canada, our ability to capture the benefits of innovation requires that we continue to be imaginative about how we work together, how we optimize the use of our resources, and how we manage our investments to ensure returns across the innovation value chain.

In 2005, AAFC launched a series of consultations across the country—11 regional consultations capped with a national symposium, which resulted in the release in May 2006, by Minister Strahl, of the science and innovation strategy.

Some of the key principles of that science and innovation strategy are that we need to focus our investments on national priorities by aligning our research efforts with priorities in the sector; we need to focus on excellence of the research done by Agriculture and Agri-Food Canada; we need to extend the science and innovation capacity to the bio-based economy, beyond food, feed, and fibre; and, especially, we need to find new partnership arrangements to deliver that science and innovation capacity.

[Translation]

The agriculture and agrifood sector has several priorities: we aim to focus our investment on national priorities; ensuring excellence in the science performed at AASC; extend science and innovation capacity to the bio-based economy; and, above all, create new partnership arrangements to deliver science to all Canadians.

[English]

AAFC is already implementing some of the key directions given in budget 2007 in relation to innovation. The federal budget outlined the need for using the innovation capacity, both inside and outside government, through new partnerships across the private, the academic, and the public sectors. Over the years, AAFC has developed many forms of partnerships, and we have continued to innovate in that respect.

I'll limit my remarks to this.

I'll introduce my colleagues.

• (1535)

[Translation]

I am accompanied by Ms. Suzanne Vinet, Assistant Deputy Minister, Strategic Policy Branch, and Mr. Gilles Saindon, Director General, Science Bureau, Research Branch.

The Chair: Thank you very much.

[English]

We'll go into our first round. Who is going first?

Mr. Hubbard, go ahead for seven minutes, please.

Hon. Charles Hubbard (Miramichi, Lib.): Thank you, Mr. Chair.

This is probably one of the first times that I've been involved with this aspect at committee.

When you speak of partnerships, we've had criticism in the past, going back to the mid-1990s, that a lot of the research money and the innovation money was diverted away from helping and getting more involved with bigger groups that had more resources. How widespread are your partnerships? Could you give us a few examples of who your partners might be, in terms of science and innovation?

Mr. Marc Fortin: We could speak volumes about this, actually. When I speak about partnerships and the need for finding new ways of building partnerships, I'm talking about evolving our capacity to bring the best minds in the country to work together, whether the best minds are from the private, the academic, or the public sector.

There are tremendous opportunities for new knowledge and innovation in the agriculture and agri-food sector. Our trading partners are investing heavily in science and innovation.

Hon. Charles Hubbard: I don't mean to interrupt, but I only have a limited amount of time.

Could you give some examples?

Mr. Marc Fortin: Sure. One example is the Institute for Nutrisciences and Health in Charlottetown, where we are in partnership with the National Research Council and with the University of P.E.I. We have scientists in the same building, in the same shop, working together, using the expertise that is stronger in the various partners to work on building between food, nutrition, and health. That's one example.

Hon. Charles Hubbard: Could you cite a couple of others?

Mr. Marc Fortin: We have examples in which we partner with the private sector, with small and medium-sized enterprises in Canada, that need our expertise to improve products. They have an idea. They have somewhat developed a product and need to bring it closer to market. They can tap into our expertise. That program has been in existence since 1994, the matching investment initiative. They bring in their idea, we bring in our expertise, and we work together to solve the technical or scientific problems.

Hon. Charles Hubbard: Might you, though, specifically give some examples of groups you are working with?

Mr. Gilles Saindon (Director General, Science Bureau, Department of Agriculture and Agri-Food): We've worked with multinational companies such as McCain Foods on development of material that will provide better resistance to insects. We worked with the soybean producers in Ontario on the development of phytophthora-resistant germplasm. We've worked with some producer groups in western Canada on development of new varieties, and also production packages. Those are the types. They have different scales, sizes, and scopes.

Hon. Charles Hubbard: I have two real examples in my mind right now, in terms of P.E.I. and in terms of McCain. We are one of the biggest food processors and probably rank among the top in the world.

What about some other specific examples with universities or small or medium-sized companies? What examples would you cite there?

• (1540)

Mr. Gilles Saindon: In the past we've done trials or research with Lassonde Industries, for example, in Quebec, on development of new beverages. That is a medium- to larger-sized company.

I don't have a list. Examples don't come to mind at this point in time, but there could be others. We have lists that are available as well.

Mr. Marc Fortin: We'd be happy to provide a list of our partners—

Hon. Charles Hubbard: No; I'm just surprised that we have three of the main people, and if you have difficulty giving us examples, it seems we didn't call the right people.

Scientific research and innovation are very big factors in terms of our food. We heard, for example, from cranberry growers when we toured the country. They talked about the fact that there are certain elements in cranberries that apparently are good for our health in terms of bladder and kidneys and all that. Have we done any work on research in that area to see if there's any validity to that, or to help them develop a special product?

Mr. Marc Fortin: We have a scientist working specifically in Kentville, Nova Scotia, on the health properties of blueberries and other small berry crops. This is in part the work that is being done at the new Institute of Nutrisciences and Health in Charlottetown. We're also doing work in Manitoba at St. Boniface Hospital, where some of the health properties of cereal products are being investigated.

Hon. Charles Hubbard: We hear so much about the big companies like Monsanto and Cargill. Are you doing any work with those people?

Mr. Gilles Saindon: I'll have to check.

Hon. Charles Hubbard: You should know. We're talking about some of the biggest companies involved in the agriculture community, so you must be able to tell us yes or no. Is Monsanto on your list to get money from the federal government to develop products?

Mr. Gilles Saindon: Under the matching investment initiative the money stays with us. It doesn't go to anybody. The players work with us on a particular project. If we have an active project with Monsanto right now, I'd have to get back to you on that.

Hon. Charles Hubbard: You don't know if you have one with Monsanto?

Mr. Marc Fortin: We have a list of 1,500 partners with over 2,000 or so projects. We'd be happy to send the list.

The Chair: Thank you, Mr. Hubbard.

Just to follow up on that, in the partnership agreements where the research has been done at Agriculture Canada facilities, who owns the royalty on the technology?

Mr. Marc Fortin: The Crown owns the technology that is developed within AAFC.

[Translation]

The Chair: Mr. Gaudet, you have seven minutes.

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

Good afternoon, ladies and gentlemen.

This morning, speaking on good practices in labelling, Mr. Laurent Pellerin said the following:

Given its lax approach to labelling, the federal government has a lot to learn. A product can bear the "Made in Canada" stamp if 51% of the production costs are Canadian or if the last stage of processing took place in Canada. In other words, "Made in Canada" or "Produced in Canada" is no guarantee that all the ingredients used in the product are Canadian! Another example, "Canada A", only provides information as to the quality of the product and how it was processed, it tells us nothing about its provenance.

What do you think the federal government should do?

[English]

The Chair: Could you slow down a little for our interpreters?

[Translation]

Mr. Roger Gaudet: Very well.

Mr. Pellerin went on to say:

The recent regulation of organic produce provided the federal government with the opportunity that they now appreciate the issues at stake; however, nothing changed: imported produce can bear an "Organic Canada" stamp!

I believe that labelling is very important. Farmers in my riding used to plant 2,000 tonnes of cucumbers every year, but then they stopped. The public started to buy cucumbers from India and China because they were cheaper. This year, however, we asked farmers to once again plant 2,000 tonnes of cucumbers, because the public are not buying what is available on the supermarket shelves, perhaps because the produce is no good.

Labelling is part of the policy framework and it is, therefore, very important to have a comprehensive grasp of this policy. What do you think?

• (1545)

Ms. Suzanne Vinet (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): *Merci, monsieur le président.*

This is one of the issues that was raised by the representative of the Canadian Food Inspection Agency during testimony before the committee last week. The CFIA is responsible for implementing the labelling regulations. Obviously, certain aspects of the labelling regulations are highly technical.

What criteria must be met for a product to be labelled as being Canadian? Well, where the processing occurs is important, and 51% of the cost related to processing must be assumed by Canadian processors. These regulations relate more to the economic considerations of processing than they do to product origin. Product origin is covered by another regulation, and labelling to that effect is either voluntary or mandatory. That is the context in which we operate.

While the Agriculture Policy Framework was being developed, one of the questions that was raised time and time again was whether Canadian consumers were able to recognize a product as being made in Canada. This is important as consumers are perhaps more likely to buy Canadian products. When it comes to Canadian products, there is the whole issue of branding, and being able to recognize "Made in Canada" products. It is one of the aspects of the policy framework

that we are in the process of reviewing in order to facilitate recognition of Canadian products. It is unrelated to the Consumer Packaging and Labelling Act, which entails a different set of regulations.

Mr. Roger Gaudet: Dr. Fortin, Canada imports cheese sticks, butter oil, and a range of other products; yet the bottom line is that we are eating non-dairy ice cream and cheese. Such products may be just as healthy as dairy products, but what do you think about all these non-dairy imports?

Mr. Marc Fortin: How does that relate to food safety and composition? You would have to put that question to Health Canada.

Mr. Roger Gaudet: Allow me to speak frankly. When I last raised these issues with somebody from International Trade, who was with the agriculture minister, all I got was a lot of buck passing. Nobody had the guts to take responsibility for this matter. Look me in the eyes. I find it inconceivable that we allow imports from countries such as the U.S. where the use of fungicides and herbicides is permitted, when our farmers are not allowed to use these types of products.

Our products are of a superior quality. In Canada, producers are not allowed to use herbicides, fungicides and so forth, yet the door is wide open to imports from countries where their use is allowed. Yes, our produce is more expensive, but the quality of our produce is 100% times better than that of imported produce. However, our producers cannot sell their products because we import—if you excuse the expression—garbage from elsewhere. You say that this falls under the purview of Health Canada, they tell me it's International Trade, and International Trade says it's Agriculture. Who are we to believe? Soon, we are going to end up doing it ourselves. Somebody is going to have to have the guts to take on the responsibility. I am just telling it how it is.

Ms. Suzanne Vinet: *Merci, monsieur le président.*

You asked two questions, one of which was about milk constituents in cheese. A committee is studying the issue, and the minister has announced a review. The process is under way, and we're awaiting the result of the committee's deliberations.

With regard to import standards, I believe that the CFIA also raised this issue when its representatives appeared before the committee last week. Inspections are carried out to ensure that imported products truly meet Canadian standards. If the products do not meet Canadian standards, they cannot be imported.

• (1550)

[English]

The Chair: *Merci.*

Mr. Devolin.

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thanks, Mr. Chair.

Thanks for being here today.

I'm sure you know that recently the committee travelled across the country doing hearings. I was on one of those two legs, the eastern leg. What's becoming clear to me as we discuss these issues is there's what I'll call the farm side of the equation, which is the production side of the equation, and issues around efficiency and scale and new products that come on the market—higher yields, all those things. But we're also hearing from the other side of the equation, which I'll call the food side of equation, which is from the consumer level—what people want, what they're demanding. We've heard this many times recently. My riding in central Ontario traditionally was agricultural, traditional agriculture, and today there's still some commodity agriculture there, but the growth area is in a wide variety of things, including organic products and specialty and niche products.

I can just tell you, as a member of Parliament from that rural riding, I deal with at least as many questions to do with food as I do with what I'll call agriculture or farm. That's one of the things I've heard recently.

Interestingly, I was signing correspondence here when I first came in, and just in the last couple of weeks I've been getting a lot of letters from people asking questions about, as they call them, terminator seeds and about genetic use restriction technologies. There's a concern out there and there's the sense that there's progress and that we're developing and becoming more and more sophisticated and science can do more and more. On the other hand, maybe 30 or 40 years ago it was only the fringe that seemed to be concerned about these things, these kinds of issues. Now there are more and more mainstream consumers who are concerned about food, and not only food safety, but also what's going into their food and biodiversity. Terminator seeds is something on the horizon.

First of all, on the question of terminator seeds, in those areas, are you involved in that research? Are you involved with companies that are? Can you give me a sense of where that's at, and what you see as the future for that technology?

Mr. Marc Fortin: You're right, people are concerned about the quality of the food, the link between food, nutrition, and health. The question of genetic use restriction technology, the GURTs, was significantly debated some years ago. The technology was initially proposed by one company, Monsanto. It was dropped from their technology portfolio.

There is a sense that we need to take societal considerations into account when we invest in science and innovation. It's not just the science that's happening in the lab, but it's also what the market wants at the end of the day. We need to connect the science, the innovation, with market demand, with societal pressures or societal considerations.

In other countries a great deal of work is being done on biotech crops. The Europeans, despite the appearance of a reluctance to embrace GM crops, are patenting plant genes in large amounts.

I think from what's happened in the last ten years, the genetically modified plants are focused more now on industrial plants rather than food plants. I'm interpreting trends here.

The science and innovation strategy that Minister Strahl published emphasizes for the first time that AFC will focus research on the link

between food, nutrition, and health. That had never been spelled out like this before. It's one of our seven science priorities.

● (1555)

Mr. Barry Devolin: On a separate question, in that vein, with making that linkage, do you have any projects under way now? Are you working in that area? Do you have research in that area to make that connection, that type of information that consumers are asking for?

Mr. Marc Fortin: This is the focus of the work at the INH, the Institute for Nutrisciences and Health, in Charlottetown, where we embark on this partnership with both NRC and the University of Prince Edward Island. Scientists are being recruited and staff is being put in place at the INH, as we speak.

We're also embarking in that direction with the St. Boniface Hospital in Winnipeg, with the University of Winnipeg faculty of medicine. The focus of the work is again to focus on this link between food, nutrition, and health.

These are initiatives that we did not have in place three years ago. These are new projects that are part of this science and innovation strategy that was announced by the minister last May, just about a year ago. It relates to this new priority, one of the seven priorities, of understanding the link between food, nutrition, and health.

The Chair: You have one minute left.

Mr. Barry Devolin: I'm good.

The Chair: Okay, Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you for taking the time to be here.

Following up on what Barry was saying, if we look at the GURTs or terminator, could you tell me where we're at right now with this technology and the research involved in it?

Mr. Marc Fortin: I cannot tell you where companies are with that technology. I can only tell you what was announced publicly by those companies. The last information I have, and it's public information, is that Monsanto was not continuing the terminator seed technology. I do not know what they are doing at the moment.

Mr. Alex Atamanenko: There are no projects undertaken by government research in terminator technology now?

Mr. Marc Fortin: No.

Mr. Alex Atamanenko: When we look at it, there are a couple of general questions. One is—you've touched upon it—what's the major challenge now facing innovation and research? Who's driving this? We often hear people saying or implying that it's all industry-driven, that the research is happening in cooperation with industry and not so much for the benefit but often to the detriment of the primary producer. Do you see any dangers in the current technology and research undertaken by your officials?

On the whole idea of food security, the idea that maybe we have to shift and look at the safety and security and buying locally, can you situate what's happening, in a few words, in the context of today's demands?

Mr. Marc Fortin: We see innovation as being a combination of the interactions of research, market demand, market opportunities internationally, the venture capital community, the availability of highly qualified personnel, a regulatory framework, and a policy framework that makes innovation work as a whole. We need to connect the dots between those various components. One could do research for research, but if there's no market opportunity, if there's no regulatory framework, perhaps the return on investment won't be as big as it could be. We're looking at innovation as being the interplay of those various factors: the qualified people, venture capital, the regulatory framework, the research, and so on and so forth.

As to who is driving this, certainly the federal government has a role as a catalyst to look after the public good, so to speak, in the security of the food supply, the safety of the food supply, benefits to farmers, and benefits to rural communities. It is the role of the federal government to look at the picture of the public good. It is not necessarily the role of the federal government to do all the research and all the innovation. So, again, we need to work in partnership with stakeholders to drive this.

• (1600)

Mr. Alex Atamanenko: Do you foresee, in the research being done today, any potential negative impacts or dangers, whether it be to our food security or to the primary producer?

Mr. Marc Fortin: I do not know of any research that we do at AAFC that would pose a threat to the safety of either the food supply or the environment. Any product that is released in Canada has to meet safety standards, it has to be reviewed, and even if the research was taking place, those products could not be released on the market.

Mr. Alex Atamanenko: Thank you very much.

The Chair: Thank you, Mr. Atamanenko.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

Thanks to the witnesses for coming.

I would say at the beginning that I do think the research and innovation work that AAFC does is good work. But you'll hear from me and from a lot in the farming community that really you've almost forgotten about the key player in the system, and that's the primary producer. Or certainly this is the perception out there.

If you look at the research that the primary producers benefit from, it's really the research from the 1970s, when they did discoveries research. Canola was one of those varieties, and other barley varieties, even potatoes, were targeted to some of our microclimates in this country. Now we're dependent on partnerships with Monsanto and others, and they're looking at short-term gain for their mass markets that they can profit by. So I think there's a real shortcoming in Agriculture Canada in terms of discovery research.

In fact I could go to a number of witnesses, but I'll go to the ones from P.E.I., who said clearly, when they were before us, that in research, Agriculture and Agri-Food Canada has lost touch with the farm community. The new direction in research is not targeted at the farm community. From their perspective, and I know it as well, dealing with Harrington station in P.E.I., there now isn't the rapport

between the primary producers and researchers that there once was. Part of that was the policy decision due to the budget cutting in 1995; I realize that.

How do you respond to that? How do we get back to research? I've looked through the estimates, and if I go to your chart on strategic planning, really, other than the economic benefits for all, really none of those categories are specifically focusing on research at the primary production level other than, yes, we're going to find some of these value-added markets and so on. The theory is that the money will come back to the farmer. The problem is that it never does. How do we fix that problem?

Secondly, I wonder if you could provide for the committee a list—I've looked through all the documentation, and I can't find it anywhere, unless it's on this disc—of the research stations under Agriculture and Agri-Food Canada and what specifically they do in research. What's their specialty, I guess, for lack of a better word?

On that point, I might even say that one of the complaints with AAFC that I've heard internally—you might as well know it—is the way you manage your system now. There are a lot of man-hours and woman-hours spent on travelling the region in terms of a management perspective rather than actually doing on-the-ground research.

So perhaps you would cover some of those areas.

Mr. Marc Fortin: That's quite a bit of ground to cover there.

The Chair: And please keep your remarks relatively brief so that we don't go over the time.

Mr. Marc Fortin: Yes, thank you.

Are we abandoning the primary research in favour of value-added products—the new research, if you wish? The potato grading still continues. The wheat grading continues. These are the bread and butter, so to speak, of farmers or producers. These varieties produce and have produced. Canola is still \$3 billion to \$4 billion a year of farm gate value.

We're doing some of the new research with new funds. The minister has announced ABIP, the agricultural bioproducts innovation program. That's the value-added research we're doing. Those funds are over and above the set of activities we've always done and will continue to do.

• (1605)

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

Please keep your comments short.

Mr. Easter does make a valid comment. This is happening right across the country in all research stations.

Mr. Marc Fortin: We launched a new set of hirings in January. There are 17 positions being staffed right now. Scientists are being recruited.

We are relaunching the hiring of scientists, in terms of managers travelling the country rather than spending time on the ground.

We have reassigned the science directors. They are now regional science directors as of April 1, 2007.

The Chair: Mr. Easter, you had requested a chart, breaking everything out.

Mr. Marc Fortin: We'll be happy to provide that. The website will be relaunched in June with that information as well.

[*Translation*]

The Chair: Thank you.

You have five minutes, Mr. Gourde.

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you very much, Mr. Chairman.

There is no doubt as to the quality of the leadership at the Agriculture and Agri-food Canada Research Branch. Our entire country has benefited tremendously from its work over the past century.

I would like to discuss the Research Branch's strategic orientation. I know that you are working on a number of issues at any one time and, in agriculture, there is never a shortage of issues to be studied, especially with regard to plant genetics, animals, biomass research, etc.

Do you have a plan for the next five or six years? How is it decided? I know that you mandate research projects to universities, but you surely have an overall strategic orientation.

Mr. Marc Fortin: The Science and Innovation Strategy announced by the minister last year, in May 2006, sets out, for the first time in decades, a strategic orientation. Discussions are also currently under way on the Agriculture Policy Framework. Consultations are currently being held. The Agriculture Policy Framework will also guide our research activities.

We worked together with stakeholders, such as producers, producers' associations and processors, to develop the May 2006 Science and Innovation Strategy. We consulted representatives from all sectors of the agricultural and agri-food industry.

In the fall, we also plan to begin running foresight exercises: this will allow us to carry out long-term risk assessments and to ensure that we undertake the necessary research to be prepared for any forecast eventualities. It often takes between 5 and 15 years to reap the benefits of research. Long-term research is needed. We have to carry out this research in order to be able to cope with different scenarios in the future.

Mr. Jacques Gourde: I am sure that biomass is one of your priorities. When did you first start carrying out studies on biomass?

Mr. Marc Fortin: The Agricultural Bioproducts Innovation Program, the ABIP, launched by the minister, has received 98 funding requests over the past few days. It is a very successful program and has a \$145 million budget.

Given that we received almost \$1 billion in funding requests last week, it would seem that this program is responding to the scientific community's needs.

• (1610)

Mr. Jacques Gourde: Still on the topic of biomass, have you had discussions with other countries? Countries around the world seem to be racing to carry out research into biomass.

Are countries around the world locked in a race to discover the best means of producing ethanol or other substances? Is there a healthy dialogue happening between countries? Will the winner keep

its findings to itself so that it can sell its technology to other countries? How does it work?

Mr. Marc Fortin: Different countries have different options open to them with regard to biomass. South America is obviously focusing on sugar cane. In the United States, corn could prove to be their best source of biomass energy. As for Canada, we are very rich in cellulose. However, cellulose technology is not as developed as corn and sugar cane bioethanol technology. As a result, fewer countries have undertaken this type of research.

Yesterday, we hosted a European delegation. We are continuing discussions with them with a view to developing joint scientific capacities, because the challenges we face are not insignificant. Extracting energy from cellulose is no easy task. We have to work together. We do not have a monopoly when it comes to ideas on the subject.

Mr. Jacques Gourde: Is your dialogue with other countries going well? Is there contact between Canada and each one of these countries' agriculture departments, or is there no real collaboration?

Mr. Marc Fortin: The collaboration is essentially occurring at the level of scientific organizations. As I said, we hosted a European community delegation yesterday—the Europeans have implemented funding programs worth 53 billion euros, or \$70 billion.

The Chair: Mr. Cardin.

Mr. Serge Cardin (Sherbrooke, BQ): Thank you, Mr. Chairman.

Good afternoon, ladies and gentlemen. Agriculture is not my specialty. Generally, I focus on international trade, but we do often talk about agriculture. You seemed to be wondering about the relationship between health and agricultural and agri-food products. One dictum states that we are what we eat, and in my view, the relationship is indeed that direct. You have talked about innovation and science, two things that of course involve the production of primary products, but they also involve the processing of those products.

We also use biotechnology, genetic manipulation and chemicals in the production process. In international trade, we know that with the Security and Prosperity Partnership, the agriculture and agri-food goal is not to feed the population but to be productive, make money, export, and increase the trade balance as much as possible—in other words, the goal is to compete with other countries but not necessarily by applying the same rules they do.

For example, we know that the United States authorize the use of a fair number of chemicals that we do not authorize here. Take ice cream as an example of a processed product. As my colleague was saying earlier, in Quebec we can barely find ice cream made with real milk and real cream, like in the past. The products are all modified now.

Given the close relationship between health and nutrition, to what extent can we say that, in the long term, the biotechnologies and other sciences that modify products so profoundly with the stated goal of making agriculture profitable will not have negative impacts on health?

•(1615)

Mr. Marc Fortin: It is very important for new products to be subject to credible regulations. In Canada, we apply a regulatory system based on scientific knowledge, and we must continue generating scientific data to support regulatory approval.

I have examined the transcripts of the hearings you have held across Canada. In many cases, people bring up the regulatory framework. The Canadian regulatory framework must remain credible. There are no deficiencies in the system, and we have to continue generating the scientific data needed to support the regulatory framework and ensure that products put on the market need cause no concern to consumers. If there are worries, those worries should be based on scientific data and not on myths or fear mongering.

If we look around us at the grocery store, we can see that most products are not fresh. Fresh products include meat, milk, fruit and vegetables. However, most of the space is taken up by processed products. We are increasingly insisting that processed products bear labels indicating when they are health products, and where applicable, we have to ensure that the health-product label is credible, and based on credible scientific data.

Mr. Serge Cardin: In something like international trade, where—as I was saying earlier—everyone is not applying exactly the same rules, we might end up applying the lowest common denominator. The US is putting more and more pressure on us. The Canadian government is even considering raising the acceptable limit for chemical residue, for hundred of fruits and vegetables sold in Canada.

You say that our standards are credible, but in dealing with other countries—including the United States—don't we risk lowering our standards on chemicals used in agriculture to make things easier, rather than raising all kinds of insects that serve as pest control and foster better production?

[English]

The Chair: Monsieur Cardin, your time has expired.

[Translation]

Mr. Serge Cardin: Can we expect standards to be lowered?

[English]

The Chair: A very short response, please, to Mr. Cardin's questions.

[Translation]

Mr. Marc Fortin: That is a question you should put to Health Canada and to the Canadian Food Inspection Agency.

[English]

The Chair: Thank you.

Mr. Miller, you're up.

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

I want to go back to continue on some of the previous questions. Mr. Easter touched on them—the retiring of a number of the staff, and what have you. What kind of program is in place as far as researchers are concerned? There must be some kind of program in

there where you're bringing in new young people with new thoughts. What's the ratio of young researchers who come into the department on a yearly basis as far as a percentage number goes? Are there any numbers on that?

Mr. Marc Fortin: With the demographics that we have, we're replacing between 15 and 30 researchers, scientists, a year. As I said earlier, we're in the process of recruiting 17 scientists now. We're doing interviews, and so on.

We have to also keep in mind, as we're replacing scientists, where we see agriculture going, the priorities of the sector. Again, our consultations in 2005, which we ran across the country, were quite vocal at that level. Many people across the sector have their favourite person, their favourite scientist who needs to be replaced. We're looking at this still, and as I said, we launched today a process for replacing 17 of them.

•(1620)

Mr. Larry Miller: Okay, it replaces. So this isn't 17 on top of the normal recruitment, it's just the ongoing, through attrition. Is that correct?

Mr. Marc Fortin: It's replacing the 15 to 30 or so who leave every year. The demographic is that we lose 15 or 30, depending on the year, and now we're replacing 17 of them. It's not necessarily the end of our recruitment effort this year, but I can tell you that this is what we're doing right now.

Mr. Larry Miller: I will be staying on the recruitments, the new ones who come in. Do you find the ideas branching out as far as technology goes? As somebody who turned 50 not too long ago, sometimes the older you get, you're not as adaptable to change. Is it really recognizable, when you get these young people in who are full of pee and vinegar, as we say on the farm, that kind of thing? Is it beneficial—new ideas, new thoughts, what have you?

Mr. Marc Fortin: We have scientists who continue to be a very enthusiastic and keen crowd. They rarely retire before 65, which is a little different from what else is happening in the public service. Scientists are keen. They want to contribute. They're by and large a passionate crowd. The young scientists are no exception.

As I said earlier, in the ABIP, the agricultural bioproducts innovation program, we've received close to \$1 billion worth of requests. They have lots of ideas, and they want to do new work and they want to move forward.

Mr. Larry Miller: An issue right now, and I think it tends to get some false information out in the public, is the terminator seed. Basically, testing is being done there. I'm not sure whether it was by people from your department, but it has been indicated to us that no matter what happens in research for the terminator gene, there are still going to be avenues out there for farmers to be able to keep their own seeds.

For example, in my part of the country, everybody purchases certified seed, barley, oats, that kind of thing. But a number also use a bunch of it... They clean it for themselves and reuse it. Is that something that you see staying in place?

Mr. Marc Fortin: Forecasting the future is always risky, and I'd be speculating if I went too far there.

But referring to an earlier question, there is a market that is perhaps more diversified than it used to be. We have market segments that are focused more on organic, more on healthy food, more on various kinds of products. If we are to be successful, we have to continue to cater to these different markets.

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

Mr. Steckle, you're batting cleanup.

Mr. Paul Steckle (Huron—Bruce, Lib.): Time isn't going to allow me to ask all of my questions, but I'm going to begin.

The matter was already touched on: who's driving the agenda?

A number of years ago, about ten years ago, in fact, rBST was at the top of the agenda for Monsanto, and perhaps other companies, but particularly Monsanto, for the dairy industry. To my best recollection, it wasn't the dairy industry—and we have the dairy people later this afternoon—that was driving the need for rBST but rather it was more the interest of Monsanto in profiteering in a drug product.

We talk about safe food. We talk about science that allows us to develop products. I guess the question is, are we developing new products? That's really where it should be at. Are we more interested in traits? But I guess the question would be, when we see what's happening in the pharmaceuticals, where we're creating products to aid and abet people's health but in fact we're really killing people.... And I know I can say that. You probably can't say that, but it's quite proven in many cases where people have ingested or have been given the wrong drugs. Just recently in the papers, in the last few days, a lady has been known to have died because she was given the wrong drugs. Most people today are using some form of drug and in many cases require another drug to overcome some of the harmful effects of the first drug.

We spend a lot of time and we spend a lot of money. Our health care costs are humongous because we've gone down that road. Yet on food safety, we are so careful. And we know that Canada has the safest food supply. How much of our scientific effort is being put into the area of creating safe food, when in fact that should not be where the impetus is? Rather, it should be on creating new products with traits, perhaps, where we develop and can develop niche markets. We've gone down that road, and I think there isn't anyone here who would doubt the safety of our food supply in this country.

• (1625)

Mr. Marc Fortin: To go back to your question about who's driving innovation, we're the drivers. We have producer organizations across the country that are very vocal and make their opinions known. We receive letters on a daily basis about what they see as priorities for their producers, their members. We take this into account. We take into account the consultations we've done, the consultations that are going on at the moment with the next generation of agricultural policy.

We also fund producer/processor organizations. I'm thinking of Soy 20/20, Flax 2015, and the Potato Innovation Network. These are organizations where producers are intimately involved. They're developing their own plan for their sector. We're funding this through the broker program at AAFC. We're providing the funds to help them

to develop those plans that are driven by the base, by the farmers and the producers in collaboration with the processors.

These plans have not been designed by someone else. They are their plans. And we're helping them to develop those. We can help them, put our expertise at their service through the MII program, the matching investment initiative program that I was mentioning before. So they design their plan, and we're there to help them to develop technologies or develop new products.

Mr. Paul Steckle: On the matter of replacement scientists and people, you're replacing 17 at the moment. I'm not sure where you're going in terms of further replacement, but you mentioned that you lose 25 or 35 people—I forget the number—each year. I just have to wonder if we have a pattern here of ultimately reducing the total number. Or how does that fit? We're only replacing half of what we're losing. Or did I misunderstand the context of the question?

Mr. Marc Fortin: We're not reducing. The budget of the research branch has remained more or less the same for a number of years, seven or eight years now, or eight or nine years. It has remained relatively stable. In addition, with the ABIP, the agricultural bioproducts innovation program, there are additional new investments announced by the minister.

Just to get the numbers right, through attrition—through retirements or voluntary departures—we're losing 15 to 30 or so a year, and we're in the process of replacing 17, as I said. We'll go back to the minister to see if we replace more down the road.

Mr. Paul Steckle: The point being made is that we're falling behind.

The Chair: Just before I suspend, I want to ask you to supply some extra information to the committee in writing.

As a farmer, I think there's no doubt that the biggest bang for our buck we've ever received from Agriculture Canada has been out of the research branch. The research program has made us who we are today. It's given us the genetics in our animal agriculture. It's given us the plant varieties to be successful as grain producers across Canada and in the international marketplace. So there's no question that this has been the greatest investment in the future of agriculture.

My concern has been that the focus in research has become more and more about secondary processing and more about food safety and environmental issues and is forgetting about that basic, primary agriculture at the farm gate.

So I'd like to see some numbers. What is the percentage of your activities and how many dollars are used in the area of primary producer research? You know, they are things like animal breeding, new plant varieties, animal health issues, and things of that nature. Then how much coming out of the research branch is for secondary processing? Then also, what are some of the long-term fundamental activities you're already starting to invest in, and how far out will that go?

If you can lay that out for us in writing and get that back to us as quickly as possible, I'd really appreciate that.

We do have to suspend, because we have witnesses coming up right after this.

Thank you very much for assisting us with our APF research.

• (1630) _____ (Pause) _____

• (1635)

The Chair: We're back in session, and we're going to continue on with the Canadian Egg Marketing Agency. Welcome to Laurent Souigny, who is the chair; Peter Clarke, who is vice-chair; and Fred Krahn, executive committee member. I want to thank all of you for appearing. And also, thank you for breakfast yesterday. It was a very good event.

If you can keep your opening comments to less than ten minutes, that would be much appreciated.

Mr. Laurent Souigny (Chair, Canadian Egg Marketing Agency): Thank you, Mr. Chairman.

I would like to start by thanking you and the committee for providing the Canadian Egg Marketing Agency with the opportunity to speak with you about the next generation of agriculture and agrifood policy.

The Canadian Egg Marketing Agency represents the egg farmers on 1,050 regulated farms. Our industry has producers in all provinces and in the Northwest Territories.

I will restrict my comments to the business risk management portion of the APF consultations, and talk primarily about managing two kinds of risk. One is market or price risk, and the other is risk due to a production challenge such as animal disease, weather, or feed problems.

When it comes to managing market or price risk, our producers believe our means of supply-managed marketing is in fact a business risk management program that needs to be recognized in the new APF. Supply management provides consumers with a stable supply of the kinds of products they need and want, while moderating producer prices.

Since 1972, the Canadian Egg Marketing Agency and our provincial counterparts have promoted high-quality eggs to Canadians, using supply management. It is widely recognized as a sustainable system and has received widespread support from our members of Parliament.

The next agriculture and agrifood policy should include all components of Canadian agriculture, including successful programs like supply management. Therefore, the policy needs to recognize

and strengthen these successful programs, as well as play its more traditional role of finding new solutions to problems.

The consultative process for a new APF provides an excellent opportunity to recognize those programs that moderate farm incomes and increase the negotiating strength of farmers in the marketplace. In our view, supply management needs to be recognized in the new policy as a business risk management program because that is exactly what it is.

There has been a suggestion that supply management could be recognized as a tool in the new APF. To us, there is a significant difference between a tool and a program. Acknowledging supply management as a program recognizes that supply management actually provides to farmers a means by which to mitigate the risk of highly fluctuating prices in the marketplace.

You will note in your written brief that we have suggested wording that needs to be incorporated into the new policy. For the sake of time, I will not read that wording here, but the major thoughts captured are that the APF should integrate all components of Canadian agriculture; that supply management and the three pillars should be specifically named and recognized in the APF as a business risk management program; and that supply management needs to be defended in international agreements.

I would now like to turn my attention to the second kind of risk; that is, the production risk farmers face daily due to weather and disease threats. Our industry is no stranger to disease threats.

We've been instrumental in working with federal and provincial governments to prepare for possible events involving avian influenza. The Canadian Egg Marketing Agency and our colleagues in other poultry agencies have met several times with Canadian Food Inspection Agency officials and the Honourable Chuck Strahl regarding avian influenza preparedness.

The biggest single outstanding issue is the inadequacy of compensation available under the Health of Animals Act regulations when flocks are ordered destroyed. We disagree significantly on the ways to measure market value for layers. Interestingly, government has agreed that the compensation available under the Health of Animals Act does not cover off the true cost of disease outbreaks. But from here, we part ways.

Initially, we were told a year ago that government would look at phase two compensation for avian influenza outbreaks. We were told a program would be in place very soon. More recently, we have come to understand that phase two is essentially the review of the business risk management suite of programs. The process has been slow, and we do not see it gaining momentum any time soon.

•(1640)

We have specific comments regarding the current review of these programs. First, dealing with the new disaster framework, it is our understanding that there will be need for a federal-provincial negotiation whenever a payout is contemplated. Therefore, when disaster occurs, it is not at all certain that there will be adequate compensation in place, and it certainly won't be put in place quickly. In addition, we are uncertain of what constitutes a disaster under the framework.

CEMA believes that production insurance should be opened up to individual livestock producers and cover general declines in production without specific disease perils being named. We also want the door kept open for the possibility of having government-run production insurance to serve as a re-insurer for industry-led programs where specific disease perils are named.

Finally, Mr. Chairman, it is urgent that progress on these discussions move quickly. CFIA wants to move forward with avian influenza surveillance of domestic poultry flocks. However, producers are reluctant to participate, as they are uncertain of what will be provided to them if an avian influenza virus requiring flock depopulation is found. We believe surveillance is desirable, but it is difficult to support when we know egg farmers could be severely financially impacted. I know that our farmers would be much more comfortable proceeding with surveillance if we knew that the Health of Animals Act compensation would be adequate.

In summary, we recommend the following: the new agriculture and agrifood policy needs to explicitly recognize supply management as a business risk management program and needs to explicitly recognize the three pillars of supply management, which are producer pricing, import controls, and production discipline; an interim program should be established so the true costs of avian influenza disease outbreaks are compensated; production insurance should be opened up so it is available for livestock production and covers all perils; and the door should be left open to permit government-sponsored production insurance to serve as a re-insurer to industry peril-specific programs.

Thank you for your time and attention.

The Chair: Thank you very much.

Mr. Easter, you're on. We're doing five-minute rounds.

Hon. Wayne Easter: Thanks.

Thanks, folks, for coming in.

I think you gave some very specific proposals for how this should be included in a report and in the agricultural policy framework. It is specifically the three pillars of supply management that you want in—basically this wording—and not just the words “supply management”, as I understand it. Is that correct?

Mr. Laurent Souigny: Correct.

Hon. Wayne Easter: On the business of paying for the value of the birds that were destroyed, of which the government hasn't paid the value, did you say you were of the view—I guess you were told—that this would be happening and that it would be in place soon? When would that have been?

Mr. Laurent Souigny: We've been lobbying government to try to get the avian flu compensation under the Health of Animals Act.

If you recall, last year it was \$33 a bird, and I think it still is, unless it's been changed recently. But the proposal that we have in front of us is for \$8, which is totally inadequate for a bird, for a laying hen. We were told last year that the government would be looking at a risk management program that would cover the balance, if it were more than \$8, for instance, and so far we haven't seen anything happening.

Hon. Wayne Easter: This seems to be increasingly what we're getting from the new government: commitments that are made and not kept. We're seeing that with the farm options program, so I'm not surprised.

This committee, I believe—and I believe Paul was the chair—made recommendations to increase the funding for the greater value of the birds. How do you see putting that in the agricultural policy framework itself?

Laurent, do you see naming the Health of Animals Act? How do you do it?

•(1645)

Mr. Laurent Souigny: Our preference would be to have it in the Health of Animals Act. It would be an easier way for us to deal with it.

Right now, what we have on the table is \$20 a person for the compensation that we feel would be adequate.

The Chair: Thank you.

You only used two and a half minutes.

Monsieur Gaudet.

[Translation]

Mr. Roger Gaudet: Thank you, Mr. Chairman.

The last paragraph on page 3 of your brief reads as follows:

We have specific comments regarding the current review of these programs. First, dealing with the new disaster framework, it is our understanding that there will be a federal-provincial negotiation whenever a payment from the disaster program is contemplated. Therefore, when disaster occurs, it is not at all certain that there will be adequate compensation forthcoming and it certainly won't be in place quickly. In addition, we are uncertain as to what constitutes a "disaster" under the framework.

I'd like to hear your comments on this and any suggestions you may have to deal with this issue.

Mr. Laurent Souigny: This paragraph states that we will receive compensation for the shortfall under the new APF, as part of the risk management component. In such a situation, the federal government and the provincial governments will probably consult each other. If that is the case, producers may have to wait a long time before receiving compensation for loss of income caused by Avian influenza, for example.

In addition, there is talk of including that in a program on disasters, but we are wondering if producers would receive adequate compensation. You asked what we would prefer, and I would say we would prefer to receive compensation under the Health of Animals Act since only one level of government would be involved. In the case of an Avian influenza outbreak, if a producer had to get rid of his chickens, this would be a much quicker and easier solution.

Mr. Roger Gaudet: Which level of government is currently responsible for the new Agriculture Policy Framework?

Mr. Laurent Souigny: Agriculture Canada.

Mr. Roger Gaudet: Could you suggest any ways of making the process faster and ensuring that producers are compensated? So far, there have been many problems, but it seems very difficult to find solutions.

Mr. Laurent Souigny: If compensation cannot be provided under the health of animals program, a program that would allow producers to be compensated properly would have to be implemented as quickly as possible.

Mr. Roger Gaudet: What length of time would you like to see? I'm not talking about a week, but what would be a reasonable length of time.

Mr. Laurent Souigny: I am thinking about the situation that occurred in British Columbia, and I would say that two or three months would be the maximum length of time acceptable.

Mr. Roger Gaudet: In closing, I would like to say that we consider supply management very important and we are going to continue defending it.

Thank you very much.

• (1650)

[English]

The Chair: Merci.

Mr. Anderson.

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

I want to talk to you about production insurance and your idea of how that might work. When we were travelling—I think it was in Manitoba—we heard that the beef producers did not think this was a very viable way of doing things. You're obviously sold on the idea. Can you give me an idea of how you would like it to be set up, so it would work for you?

The Chair: Mr. Clarke.

Mr. Peter Clarke (Vice-Chair, Canadian Egg Marketing Agency): Thank you, Mr. Chairman.

Thank you for the question.

There are a number of different ways that production insurance can possibly work. One of the ways is if you really covered production insurance as it should be, then any decline that one might have, in terms of production, in regard to the production of eggs, would be potentially in a program that could be on a sliding scale in regard to premiums and also compensation. So it could be dealt with similarly to how some crop insurance and so on and so forth are done today, as a sliding scale, again in regard to what areas you

might want to cover and what premiums would be in that respect as well. But in addition to that, we're also after specific diseases or general disasters that might have an opportunity to be covered too.

Mr. David Anderson: Tell us a little bit, then, what you think needs to be in the disaster component in order for it to work for you. You've talked about a couple of things that you think aren't quite there yet. What are the components that need to be there for it to work for your industry?

Mr. Peter Clarke: We'd need to be comfortable that our industry will be covered off on significant disaster and named perils. If we need to get very specific, we probably can, but we would like to be able to have a myriad of opportunities to work through a program that would serve our producers. In order to do that, we'd have to look at what the opportunities would be to cover off on different areas of concern in our industry for insurance, but we also want to be able to say that these programs would be able to evolve over time and reflect what our needs are in our industry.

Mr. David Anderson: Do you have any specific criteria, then, for the declaration of what you would call a disaster? I know that's probably a difficult question to answer, but you've had a couple of them, I think, in your industry, or potential ones.

Mr. Peter Clarke: Well, sure, avian influenza is one that comes to mind, obviously, because it was such a disaster for our industry and had such severe implications to our industry because producers had to go completely out of production in all different aspects of their poultry. That would be one, but at the same time we need to be able to look at things other than the named perils, as in the production side too.

It is difficult to get explicit without looking at the opportunities that would be there in an insurance-type of program. We can, I think, over time, but just to come up and suggest to you today that this is what it would have to be, without consultation, is a little bit risky for me to do.

Mr. David Anderson: Your fourth point in your summary talked about the fact that you want to leave the door open to permit government-sponsored production insurance to serve as a re-insurer to industry. When you're thinking of industry insurance there, are you thinking just specifically producer insurance? Would you have private industry involved? What's your framework for that?

Mr. Peter Clarke: Well, for example, to name one specifically now, our industry has an insurance in-house. Our poultry layer industry covers off a salmonella enteritidis. We have our own program for doing that, so that's specific. But beyond that, we would like to potentially name other risks that are in our industry that then we could potentially have co-insurance through. That would allow us to broaden out significantly beyond SE and what our producers would like to have covered. If we could do it, potentially, with private industry and/or government-supported programs, that is what we're interested in.

Mr. David Anderson: Is your insurance program fully self-funded now, or do you have private partners?

Mr. Peter Clarke: This aspect, for SE specifically, we fund ourselves. But again, it is very narrow in regard to specifics. Our testing happens in a certain aspect of the life cycle of our birds and certain criteria have to take place in order for us to give coverage. It is very narrow in that respect, but it is one that we cover ourselves.

• (1655)

The Chair: Very short.

Mr. David Anderson: Maybe we can come back, if there's time at the end.

The Chair: Okay. Thank you, Mr. Anderson.

Mr. Atamanenko.

Mr. Alex Atamanenko: Thank you for being here, and thanks for breakfast the other day. You'll let us know where it is next week, right?

I have just one question in regard to supply management and the recently published Manning-Harris report on security and prosperity. Do you have any comments on that? Are you familiar with the report and do you have any comments on it and supply management?

Mr. Peter Clarke: I'm not familiar with that, no. You'll have to be more explicit.

Hon. Wayne Easter: They don't read that right-wing stuff there, Alex.

Mr. Alex Atamanenko: I thought it wasn't very favourable in regard to supply management and I thought I'd get some comments from you.

My next question, and Roger touched upon it, is that often in the past, not only in your sector but in others, a disaster happens and it takes time. Formulas have to be worked out. One government says to the other they're going to pay this and it goes back and forth, and eventually we get some kind of settlement, if any, but it takes time.

I've been thinking about the idea of a rapid response disaster program, where criteria ahead of time, for example with your association, could be worked out with the officials in the department, with percentages set and established between provincial and federal governments so that if something does happen, maybe we wouldn't have to wait three months, obviously, if money is allocated in the budget. Do you think it would work? Do you have any comments on that?

Mr. Laurent Souigny: As I mentioned, our preference would be under the Health of Animals Act. But if we could come up with a program, such as you're talking about, I think it's something we would be prepared to look into.

One thing that is worrisome at this point in time is that if something happened today, where are we? Where would we go? This disaster program is not in place. Right now, with the help of compensation, what has been gazetted so far is a maximum of \$8 a bird, which is not enough. So yes, we would be prepared to look at something that could be done quickly to compensate the producer properly.

Mr. Alex Atamanenko: It's the system; it's not one particular government or another. It's the system that's in place; it's slow and it should be streamlined somehow to assist primary producers.

Mr. Peter Clarke: If you don't mind, on that particular point I cannot stress enough the fact that right now, with whatever is in place, the \$8, if that's all there is, is not enough.

Mr. Alex Atamanenko: Thank you. One last question.

We heard a number witnesses throughout our trip across Canada. Young people were saying they can't get into farming, it doesn't matter, especially for someone just coming out of agriculture school or college. I'm wondering, what would be the cost to a young person who wanted to go into the egg business? How many hens do you need to make a go of it? Can you give us some idea, because I'd have no idea if somebody were to pose that question to me.

Mr. Laurent Souigny: I would say for a young farmer, I'd take a number of 5,000 layers, for instance. If you wanted to get into the business, you'd be looking at close to \$1 million. That would be land, equipment, buildings, everything.

Mr. Alex Atamanenko: Yes.

Mr. Fred Krahn (Executive Committee Member, Canadian Egg Marketing Agency): May I respond a bit to that?

Mr. Alex Atamanenko: Yes.

Mr. Fred Krahn: The common medley to make on that question is when we look at our egg industry, and I come from British Columbia, which was affected by the avian influenza, I would suggest that our average age of egg producers in British Columbia has declined significantly over the last 10 or 15 years. I'm one of the old guys now.

Mr. Alex Atamanenko: That's encouraging, then.

Mr. Fred Krahn: That's very encouraging.

When we look at some of the other commodities, if you take the pork industry in British Columbia, for example, it's down to 30 producers. I think we fared fairly well, and that would apply to the chick and turkey industry as well. We're quite proud of that and we're doing all kinds of things to encourage that as well. We're bringing in new entrants and so on, through the marketing boards.

• (1700)

The Chair: Quickly on this, as Mr. Atamanenko's time has expired. Please keep it short.

Mr. Peter Clarke: I would confirm that there are a lot of younger people getting into our industry, surprisingly, and we're pleased about that. But you spoke about the cost of getting into agriculture. There's a cost to get into an awful lot of different areas of livelihood today, whether you want to get a McDonald's franchise, a dentistry business, or a doctor's business. They're all kind of related in that regard. There are lots of opportunities, but there are costs involved in getting into business.

The Chair: Thank you very much.

Mr. Hubbard, you're on.

Hon. Charles Hubbard: Thanks.

To follow up, you couldn't make a living on a farm with 5,000 layers, could you? Could it support a family?

Mr. Laurent Souigny: It would not support a family.

Hon. Charles Hubbard: I didn't think so. We shouldn't be misled.

Mr. Laurent Souigny: You would need outside income.

Hon. Charles Hubbard: On the quota value in British Columbia now, say, for a laying hen, what would a quota cost with one hen?

Mr. Fred Krahn: It would be around \$175 to \$200.

Hon. Charles Hubbard: So \$200 a hen. So the 5,000, which would require a second job, would cost a million dollars, without the barns and anything else.

You reported that there are 1,050 producers who are part of your organization. Is that number going up or down? In terms of the industry, you mentioned there are younger people in it. Were there 1,200 five years ago and today it's down to 1,050, or is it growing?

Mr. Laurent Souigny: Well, right now, I can tell you the average age is about 46 years old. The number of producers has stabilized. It's not increasing or decreasing. In some provinces you will see new producers coming into the business, but there are only a few. Some of them are producers who sell a certain type of production to switch to layers.

Hon. Charles Hubbard: So what you're saying to our committee today is that if the government could maintain the environment you're working under and offer some protection for disease, then everybody would be quite happy.

Mr. Laurent Souigny: Yes.

Hon. Charles Hubbard: That's all you need.

Mr. Laurent Souigny: Yes. We're not here to ask for money; we're here to try to get the proper compensation when a disease affects our flocks.

Hon. Charles Hubbard: This is really good to hear. So many groups we meet feel that for two years out of five, or whatever, they're not going to make enough to make ends meet. With supply management, as long as that environment is maintained....

With respect to your production, in Atlantic Canada we've gone to a single grading station now. I guess the big chains want consistency; they want one bill for their enterprise and so forth. Are you being hassled at all by the chains in other regions? How do you do that, in terms of having 20,000 eggs each day and you want somewhere to get rid of them to make someone's food?

Mr. Laurent Souigny: Our goal at CEMA is to supply the eggs that a consumer wants. A producer is free to ship his eggs to whichever grader there is in the area. CEMA is not involved at the retail level; it's the grader who is involved there. For us at CEMA, we have to make sure there are enough eggs and enough choice for the consumer.

•(1705)

Hon. Charles Hubbard: Thanks. That's good.

The Chair: Thank you.

Monsieur Gourde.

[Translation]

Mr. Jacques Gourde: How many chickens are there in the average chicken operation?

Mr. Laurent Souigny: The current national average is about 22,000 laying hens for each laying house.

Mr. Jacques Gourde: Avian influenza is spread when the infected animal comes into contact with a flock.

Mr. Laurent Souigny: Contamination can occur through contact with an animal or person.

Mr. Jacques Gourde: Is there a huge likelihood that the chicken barn will be infected?

Mr. Laurent Souigny: Yes. That is why we worked with the federal government to establish some restriction standards. We do not let just anyone into our chicken barns, because there is always a danger that the person may be contaminated. There are trucks that come to deliver the food, and people who come to collect the eggs. Many people are involved in a chicken operation. So we are trying to take preventive action.

Mr. Jacques Gourde: If a producer knows his animals well, how many days will it take him to notice Avian flu in his building? Given how quickly this flu spreads, if he doesn't realize that it is there soon enough and if he is moving from building to building, then he will end up contaminating all his animals. If he has 10 poultry buildings, he will contaminate the whole flock.

Mr. Laurent Souigny: In a severe case of Avian flu, he might notice in less than 12 hours. It can happen quickly. I don't need to repeat how quickly contamination in British Columbia took place.

Mr. Jacques Gourde: We know that if a poultry barn is contaminated with this flu, then the entire flock has to be destroyed. How long after a poultry barn has been contaminated can it be restocked? Can the barn be restocked if it was the site of an outbreak?

Mr. Laurent Souigny: In an extreme case, such as the one that occurred in British Columbia, it can take up to 18 months because you can't put all the hens in the poultry barn at the same time. You can only produce at certain times during the year in order to supply the market. It takes six months from the egg stage before you end up with a laying hen. It takes 18 months for the process to start turning again.

Mr. Jacques Gourde: Orders are placed on a six-month basis in the case of laying hens. Therefore, if something happens in a poultry barn and the flock must be destroyed, then a special order is required. Things don't happen automatically, because all business is transacted by purchase order.

Twenty dollars per hen covers part of the cost. A hen usually costs between \$6 and \$8. The difference covers the loss of revenue that most likely wouldn't be covered by other existing programs. That is an important factor to understand. A hen costs from \$6 to \$8. If I buy a hen in the spring for my little boy, it will cost \$6.75. If you buy 22,000 hens, then you should get a good price.

Mr. Laurent Souigny: Eight dollars is a maximum amount. That amount may vary depending on the hen's stage of production. The revenue generated by a laying hen comes from the eggs it lays. We derive our revenues from the eggs.

Mr. Jacques Gourde: If a producer was not able to produce over a long period of time because his three buildings were contaminated, does the Canadian Egg Marketing Agency provide for quota loans to other producers? A quota can be moved over 200 miles to another location and eggs can continue to be produced.

Mr. Laurent Souigny: Currently it does not.

Mr. Jacques Gourde: So there is no provision for lending quotas.

Mr. Laurent Souigny: No provision. When this happened in British Columbia, the federal government gave special permission to the national agency to import eggs into the province.

Mr. Jacques Gourde: Are there no available buildings in a province or in Canada, whether they be poultry barns that were closed or barns belonging to producers who sold their quota, that could be used to assist a producer whose barns were contaminated and therefore has to wait 18 months before resuming operations? Is there any way for him to relocate his operations? Could that be one way of helping producers?

• (1710)

Mr. Laurent Souigny: We have already looked at this. However, it can take up to 18 months before an affected producer is able to put hens back in the poultry barn. That's a solution that would work better with meat-producing chickens because the wait period is shorter.

Mr. Jacques Gourde: Fine.

The Chair: Thank you very much.

Mr. Cardin.

Mr. Serge Cardin: Thank you, Mr. Chairman.

Good afternoon, gentlemen. Where are we at in terms of our efforts to eradicate Avian influenza?

Mr. Laurent Souigny: Our agency is currently promoting biosafety on the farm. Our producers are evaluated using a national agency program called HACCP. The majority of our producers benefit from this program, which was set up to prevent and stop the spread of Avian influenza.

[English]

Mr. Peter Clarke: There isn't a way of eliminating the threat of avian influenza, because it occurs naturally in migratory birds. It's always going to be out there. It's our industry. Supply management is a business risk program, and through it we can try to mitigate those risks. We have done that and will continue to try to do it that way.

[Translation]

Mr. Serge Cardin: You say that it occurs naturally in the system, but it seems to me that we have never heard so much about it until now. How do you explain this phenomenon?

[English]

Mr. Peter Clarke: The migratory bird process has always been in North America. There's that and the ability of our population to travel more and possibly pick up contamination through clothing or walking through excrement, and so forth. All those are opportunities. Because of more ease of travel, the world's at our feet today. With aircraft, people can move throughout the world very easily in short periods of time. All those factors increase the risk for our industry.

It's been out there; it's just that contamination and the opportunities we have to move those risks around have affected us more than they have in the past.

[Translation]

Mr. Serge Cardin: While you hope to get rid of Avian influenza, at least in part, there are more liberal-minded people, economically speaking, who are considering perhaps eliminating supply management some day. We know that the Doha Round trade negotiations were temporarily suspended. We have heard that they have resumed informally and rather discreetly. So we don't know where we are going with that. We have heard that the negotiations may resume more fully in the summer. In that event, we know that supply management will be threatened, but we do not necessarily have any guarantees that the government will defend it tooth and nail to the end.

Have you had any indication from officials as to the direction the government intends to take?

Mr. Laurent Souigny: Following conversations and meetings that we have had with various stakeholders, including the Minister of Agriculture, among others, we have received unequivocal assurance of their support for supply management. A motion to that effect was also unanimously adopted in the House. However, it remains to be seen what kind of agreement we will end up with at the WTO.

Moreover, concerns remain, because we don't have a 100% guarantee. At present, we have been assured that the motion will be introduced at the WTO. I think that the federal government's duty is to negotiate an agreement that will serve the entire agriculture industry in Canada.

• (1715)

[English]

The Chair: Thank you.

I want to thank all three of you for coming today and making presentations. We appreciate it.

We are going to suspend so we can get on to some committee business with some motions we have before us.

• (1715)

_____ (Pause) _____

• (1715)

The Chair: We will come back to order.

In order of the motions as they were received by the clerk, Mr. Easter's motion is first.

Mr. Easter.

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

The motion is pretty straightforward. All that really needs to go to the House is that the Standing Committee on Agriculture and Agri-food recommend that the Minister of Agriculture and Agri-food immediately rescind the changes announced to the Canadian family farm options program on April 20, 2007, and restore the provisions of the program as originally announced, and that this motion be made a report to the House.

It's pretty simple, Mr. Chair. In fact, the Minister of Agriculture and Agri-Food was the one who stated last July that "the new government is committed to helping farmers who are under financial stress". The vehicle they announced to do that was the family farm options program, inclusive of \$550 million to be paid out over two years.

The point is that this government brought the program forward to respond to a need that recognized that farmers across Canada have responded to the program by either utilizing it last year or making financial plans to utilize it in the second year.

What the minister has done is alter the rules late into the second year with his announcement on April 20, thus eliminating any producer who would have qualified. The minister has done this without any justification and no economic analysis of why, and the minister has an obligation to produce such justification. It's just absolutely unacceptable to the farmers affected.

Seeing that he hasn't done that, we gave him a question in writing prior to his appearing here the other day. Therefore this motion, as indicated, states that the program should be immediately reinstated.

I will just make two further points.

This is a sample of some of the letters we're getting from very concerned low-income producers. I will quote from this letter, directed to Mr. Strahl and copied to myself and a number of others:

We were encouraged to learn through our accountant that we could probably qualify for the options program, although we understood that the amount would be less than the previous year.

We were devastated and extremely angry to learn that you decided to cancel the program for those who had not qualified based on their 2005 tax return. We felt that it was cowardly, underhanded, and sneaky of you to announce this at the end of April, when farmers are generally too busy to drive their tractors to Ottawa to protest your abominable leadership.

We have a lot of letters in a similar vein.

The last point I would make, Mr. Chair, is that the officials who were before this committee the other day indicated that:

In total, the original funding for [the] Options [program] was \$550 million to provide farm income, business planning, and skills development support and services. The revised total is [now] \$304 million [based on the changes]. The difference of \$246 million will be redirected to other agricultural priorities.

Really, Mr. Chair, this is money that the minister, by his announcement, has practically taken out of the pockets of low-income farmers who, with their financial advisers, had planned on using inventory optional adjustments, depreciation, etc.—all legal means. I would submit that it's similar to the case if, in the rest of Canadian society, an individual went out and bought \$18,750 of RRSPs and the Minister of Finance decided three months after the fact that it doesn't qualify to reduce your taxable income load now. It's the same principle.

For farmers to be treated with such disrespect is unbelievable, and therein lies the reason for the motion, Mr. Chair.

• (1720)

The Chair: Mr. Anderson.

Mr. David Anderson: Mr. Chairman, I want to respond to that.

One of the problems with this is it seems as if all of a sudden the member for Malpeque has decided this is a program he wants to support. We spent the last year trying to get support for the program: no major farm group supported it at any point, that we could find.

The minister said he didn't get one single letter from any member of Parliament supporting the program. He got a lot of responses that indicated people didn't support the program. I think that it's important. I'm going to take some time to read some of those comments into the record that were made by MPs about this program, because I think it's important that we have that information. I think it's important we put it together in one package.

I want you to know I don't necessarily agree with the comments that are made here, but I think we need to note them. I'm going to quote a number of comments from MPs.

The Chair: Mr. Anderson, just make sure you're not talking too quickly for our translators.

Mr. David Anderson: The first quote is going to be from Mr. Steckle. He said:

I'm hearing from a number of farmers who have called me about the program, and they immediately draw their conclusion that this is an exit program from farming—getting out of agriculture. It's a welfare program. Once farmers in the business, if they call themselves truly farmers, realize that their incomes are at that level, then they're basically not farming anymore. So this is an exit program.

Now, Mr. Chair, that doesn't sound like support for this program. He says, "Certainly when you look at the second year, reducing that by a further 25% or whatever, then really it is moving that person onto the welfare rolls. I don't understand." So Mr. Steckle, in that statement, is clearly not supporting the program.

Our argument is that moving this money, as the minister is able to do now, will make more people eligible for farm support.

Mr. Bellavance has said, when he was speaking, "When this program was created, of course the Bloc Québécois said that it was not enough to solve the farm income crisis", although he's good enough, actually, to say, "one cannot be opposed to helping the producers who are the most in need". But there was no support for the program from there.

Mr. Atamanenko was fairly strong on this. He said:

From talking to farmers, I know there are a couple of concerns. One is the idea of a business plan and skills that are compulsory to participate in a program, the assumption being that these people aren't good farmers and that it's almost an insult, for want of a better word.

That was his analysis of the program. That would hardly be what I would call words of support for the program.

Mr. Atamanenko, again, said, "But isn't the assumption still that they're not victims of the market or they're not doing something right; that by going through this", and I assume he means this program and the requirements for it, "they'll do something right and become better farmers? Is that the implication?" I'd say clearly he's not supporting the program at that point.

Mr. Atamanenko, again: "The other feedback I'm getting is on this whole idea of off-farm income being included in the cap of \$25,000." Later, he says, "The feeling is that it's really not fair that some people miss the program by a couple of thousand dollars because somebody in their family has worked as a waitress or something in town."

So, again, we're not getting the support that we need for the program, in order to maintain it, from the people who are around this table.

Mr. Easter has made a number of comments about the program, one of them is, "The problem here, and my major concern with this program, is that the government failed to provide immediate cash in the spring as they had indicated they would", which was not accurate, because we had provided support to farmers, and he goes on to say, "which could have been under an ad hoc program based on what the problem really is, which is low commodity prices. Instead, we have this program", and this was quoted in the House today, I think, he says, "which is clearly a blame-the-victim approach."

Now, that sounds like a condemnation of the program to me, and certainly not one in which he's supporting it.

Again, he goes on to say:

If you're a farmer who's farmed for 30 years—and I know a lot of them—ten years ago their net worth was \$1 million. Today they're going in to you with their head down, saying that they're going to have to take a skills development program. This is all wrong. The problem is low commodity prices, not skills. That's where the problem is.

Again, he says:

There is no question that these services are fine. The problem is that the whole thrust—and this program is symbolic of that—is as if it's a skills management program, when it's a policy program within Canada as a whole that results in low commodity prices.

So, again, Mr. Easter is very clearly not supportive of the program.

I think probably the most definitive statement he makes is this one, which says:

My concern also is that you see the low uptake. You see exactly the same questions coming from at least three of the four parties, saying that they've heard from people that it isn't working and it's still in its pilot stage.

Well, that would be a clear indication we should do something about that. If everyone is willing to support it, it's a reason to take a look at it and see whether it's working. He says:

Can't we be flexible enough, even as a public service, to say, okay, with a 10% uptake, clearly it's not working? If we have to extend it and we're only going to get a marginal increase, why don't we re-examine the criteria?

Well, that's what the minister's done.

Why don't we re-examine what we're trying to do here? And, above all, does the farming community need a lesson in business management to do business plans now when they're thinking about surely just getting through the year?

So, Mr. Chair, I think it's pretty clear that we don't have support for this program from the other side, and we haven't had it over the last year, or other people as well have had a list of farm organizations here that do not express their support for the program. I can go through them slowly here: the National Farmers Union, Terry Pugh said they called it a "hidden transition program" to get farmers off the land or to raise their skills. Well, that wasn't accurate, but that was their perception of what the program was.

Keystone Agricultural Producers—

● (1725)

Hon. Charles Hubbard: Mr. Chair, time has expired.

The Chair: There's no time limit. Mr. Anderson has the floor.

No, you don't have a point of order.

Hon. Charles Hubbard: We have 5:30 as the cessation of today's meeting.

The Chair: Mr. Anderson.

Mr. David Anderson: I'd like to continue when we meet, if we're going to continue discussing the motion.

The Chair: Okay.

We are to finish at 5:30; time has expired.

We are adjourned.

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