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—
Chair

Mr. James Bezan

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• (0910)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order. We're starting a little late, but everybody is here now.

I want to welcome to the table Dennis Laycraft and Brad Wildeman from the Canadian Cattlemen's Association; and Clare Schlegel and Stephen Moffett from the Canadian Pork Council. John Masswohl from the Canadian Cattlemen's Association is also at the table. You are no strangers to our committee.

We are following up on the study we did last fall and reported back to the House in December on the crisis facing the livestock industry.

With that, we'll open up to opening comments. Please keep your comments brief. We only have an hour this first round, and we're going to follow it up with CFIA and Agriculture and Agri-Food Canada officials after your presentation. We'll probably do five-minute rounds of questioning so we can get in as many questioners as possible in this first hour.

With that, I'll turn it over to you, Mr. Wildeman, and you can bring your opening comments.

Mr. Brad Wildeman (Vice-President, Canadian Cattlemen's Association): Thank you, Mr. Chairman, and thanks again for the opportunity to be here to visit with you today and present our position.

We were here two months ago, and unfortunately I think there are very few bankable results that we can report on. We'd hoped to give you a progress report; I think the progress report is pretty thin, and that's unfortunate.

The industry continues to struggle under these current conditions. Obviously with the difference in prices and exchange rates, losses continue to occur in the feedlot sector in the \$200-per-head range. We've seen a loss in the value of calves. The feeder cattle prices continue to drop, so now feeder cattle are bringing about two-thirds of what they were bringing last year. These losses are real and sustained and have carried on for some time. Unfortunately, we've had very little to help offset that.

Producers were somewhat disappointed after the current round of federal-provincial meetings and the minister's announcement that there would be some help on the way and that there were some loans available. Certainly we appreciate that, but I think producers were

expecting a lot more, and I think it has fallen far short of what was expected.

On these business risk issues, we continue to meet with officials to help identify some useful changes that were needed. Certainly we tabled a document here last time, talking about short-term options and changes to the BRM program.

We appreciate the report on the beef and pork sector crisis, Mr. Chairman, that the committee came out with. We agree with that. We think that was bang on with the recommendations we were making, so we continue to support those as well.

I'd like to take you back and ask you to remember that when we were here we said CCA's role is to come with a national approach, so that producers across the country are treated fairly and equitably. And the existing business risk management programs were designed and promoted to do that. Unfortunately because of this absence of action, we've seen both Alberta and Ontario move out on their own. We've seen Saskatchewan coming out with some limited assistance programs. We have some different programs in Quebec to help offset theirs, so here we are again with some balkanization through our country and producers in different parts of the country being treated differently. I think that's a very sad statement to make when we have programs in place that were designed to work nationally. And unfortunately, because of inaction and inflexibility, it simply hasn't got the job done.

I'd like to go very quickly, Mr. Chair, in a minute or so, to just recap some of the things we asked for. First, we wanted to remove the caps. Again I tell you that if you look at the state of both the pork and cattle industries—35 feedlots in western Canada feed almost 60% of the production—these caps are hugely harmful. If these losses continue—and I would say feedlots of that size are going to lose between \$10 million and \$12 million worth of equity this year—the cap simply isn't sufficient to keep that infrastructure in place. So we need to remove this cap.

I think there is some perception that these larger places are not family farms, but I can tell you that many of these are family owned and operated. Every member of the family works in these operations. So I just think it's grossly unfair for a program to come out and start to discriminate against family farms that have put all their equity in and built their business and now find out that the business risk programs the government told them would help them simply aren't sufficient to get them through.

Secondly, we talked about a viability test and allowing some flexibility on how we calculate the reference margin. We continue to stand by that.

The federal-provincial ministers said in their meeting in December that they were coming out with some short-term relief but that more would have to be done, and if they didn't address the declining reference margin issue, there wouldn't be sufficient assistance for the industry. We continue to wait for that. We don't hear anything about that. We think that without that, very little help is going to come to those producers who need it most.

We've had some interim advances. We appreciate that. We think there are problems with a couple of calculations, particularly calculating the annual net sales for custom feedlots where there are a lot of them and a lot of these feedlot owner managements are dependent on that. The fact that they're not allowed to use custom feed expenses to calculate some of their annual net sales is hugely harmful. And using only 50%, we think, is much too low in this day and age when feed costs are where they are.

Finally, we talk about allowing producers the choice of using either a cash or accrual basis so that those people who are growing their enterprises don't get hurt through these programs.

Those are the short-term things, but we talk about some long-term things that we think are equally important, and that includes dealing with the problems of regulations and regulatory reform. We talk about the transition funding for SRM removal, and we continue to stand by that again. There's been some movement by CFIA in a positive way. That's helped somewhat, but it's not getting the job done, and there's still a significant disadvantage in that sector.

Finally, we need to have a new, refreshed, invigorated, and reorganized look at how we deal with international trade. Our industry continues to promote the idea of an international trade directorate to try to bring all the resources of the Government of Canada—Ag Canada, International Trade, and CFIA—together in a very coordinated, targeted, measurable, accountable approach to get this trade thing working on our behalf.

Thanks for the opportunity.

●(0915)

The Chair: Thank you, Mr. Wildeman.

Mr. Schlegel.

Mr. Clare Schlegel (President, Canadian Pork Council): Thank you again for giving us the opportunity, and for your continuing concern in terms of what's happening in our sector. They're extremely difficult times.

We're going to address the two questions that we've been asked to address in terms of this committee. One is the reaction to your report, and the second is the response of the government to date. I'll be addressing the first part, and Stephen will be addressing the second. I'm certainly glad to entertain questions after and talk about specific situations around the current state of the industry.

In terms of the reaction to the report, the response to the question is very easy. Your report, from our perspective, was excellent and bang on. You heard very clearly what we said: the industry is facing the perfect storm, with high feed costs, low prices, and a very strong Canadian dollar. And you heard our recommendations, particularly that liquidity and a response to that, via a loan, are needed to help in

the short term. We're committed to long-term competitiveness within a globalized marketplace.

We're very pleased with recommendation number one, that AAFC “deploy, before the end of 2007, a special transitional measure that will provide cash-flow in the form of interest-free loans to be paid back over a period of three to five years, and bankable cash advances to hog and cattle producers”. This is what we need, although we are prepared to pay interest on the loans. After all of our examination of existing programs, we continue to request the loan—it will treat everyone the same and fill the gaps that the existing programs cannot. It gives our producers a chance to make some intelligent decisions.

With regard to recommendation number two, that the remaining percentage of CAIS inventory transition initiative be paid out, we understand that this may be of some benefit to our sector, but we do not see this measure as being able to address the current cashflow needs of our industry. It's an expensive way to address the issues in our industry.

Recommendation number three states that Agriculture and Agri-Food Canada “hold formal discussions with the Minister of Finance to show the impact of the strengthening Canadian dollar on the food producing and processing industry in Canada and to examine ways to relieve the pressure on the industry from the rising Canadian dollar”. This is absolutely critical and continues to be.

Yes, the agriculture sector is not alone in facing the rising Canadian dollar, but we could easily lose vast segments of agriculture, representing resources that will not return to food production in the future. I believe the industry can adapt over a long enough period of time. It has to. But no one can expect individual operations or sectors to adapt to such a quickly changing environment. Canada needs to have a plan in place to help remedy this situation, not only for us but for others as well; otherwise we will lose the very fabric of our rural Canadian life.

We're looking into the concept of Dutch disease syndrome. If you haven't heard about it, I invite you to take a look at it because there are other countries that have faced a similar scenario in the last 25 years, and it has absolutely devastated some of those economies. We don't need that happening to Canada, not only in agriculture but in forestry and manufacturing as well.

Recommendation number four addresses the particular recommendations with regard to the CAIS program. We certainly support the first bullet, that “for the purpose of reference margin calculations, to use the better of the Olympic average, the average of the last three years...”, and we very strongly support raising the maximum contribution limit to AgriInvest. The remaining two, the viability test and fast-tracking the \$600 million Kickstart program, are also reasonable.

We have additional changes, though, that we requested when we met with you the last time, and these include four bullets.

Giving producers a choice between the new AgriInvest program or the top 15% of AgriStability: we're not disputing the move to this, but the timing of it hurts our sector, and giving us the option for an additional two years would be very helpful.

Secondly, compensating producers who experience disease outbreaks on their farm during the reference margin in a manner that would be equal to what CAIS payments would have been had the disease not been present and eroded the reference margin. Frankly, that would help. We've talked about production insurance, and the Government of Canada and the provinces are all committed to that. We think this could be done on a pilot basis to see if it could work, and it would certainly help many of our producers who have been hit very hard with circovirus and influenza.

Thirdly, raising the caps on CAIS, the AgriStability program, and fourthly raising the cap on Kickstart.

Recommendation number five requests "a complete review of regulatory measures susceptible of putting the Canadian meat industry at a competitive disadvantage". We obviously fully support this and think it still needs to be done. For our industry to be competitive in the longer term within a globalized market, and particularly with a higher Canadian dollar, we are going to have to find every dollar, every cent, that we can squeeze out of our costs, and that's at the farm level through to final processing.

We have an inefficient regulatory system, from excessive time lags for new product registration to cost recovery and to some feed grain issues, particularly in western Canada.

• (0920)

We're suggesting that recommendation six addresses a beef-specific issue.

Mr. Stephen Moffett (Director, Canadian Pork Council): Thank you, Clare.

To carry on, then, to answer the second question—how we think the government has responded to our requests and to this very severe situation—I can tell you that we are pretty disappointed at this point by the response from the government. Clare indicated that the major problem is liquidity in our industry and the fact that this downturn is much more severe than a normal downturn because of the ethanol and corn issue and because of the Canadian dollar and just the normal price swings in hogs. This has been a much more severe downturn.

We've indicated that some of the current programs, while we think they're good programs.... Clare talked about some of the changes we would like to see to those programs. They're underlying good programs, but they're not capable of dealing with a situation that is this bad. We've made clear from the very start that we need something over and above what we have.

In my case, it's so disheartening. At the end of every month you look at the numbers and the tremendous amount of equity that's flowing out, and there are limits to how long producers can do this. In fact, we know that right at this point we've lost something like 15% of our production in Alberta, 10% to 15% of our production in Ontario; in Manitoba we hear stories that something approaching 10% of production is gone or is in the process of going. We're at the point now that sows are going to market so fast, producers are getting prices such as \$10 a sow. They're backing up in the stockyards. The normal channels just can't handle the volume of sows going to market.

I don't have to tell you guys that aside from the economic activity we're losing, these are farm families who are losing their livelihoods. There are employees who have worked on these farms who have to go looking for something else to do. This is a devastating situation, and we all know that. That's why we've asked for something to deal with the liquidity.

What have we heard from government? Certainly, right from the very start they have been saying that we need to deal with the existing programs: "Let's do what we can with existing programs." I can tell you, we don't think that's enough.

We've asked from the very start for some kind of loan program that would deal with the liquidity issue, with the idea that we know there are better times ahead. We've been through this before, and you know that, as bad as times are now, they'll be better in the future. We see that happening now. Futures markets, far out, are moving up every day. So we know there are better times ahead. If there are that many sows going to market, and it's happening all over the world, then there's going to be a shortage of hogs in the future.

We're really concerned that in the response from the government there have been press releases talking about the loan program and indicating that there's the APP program, whereby there would be money available to producers. We've had calls from producers who have had false hopes, saying this is great, and then we have to explain, "No, that's the APP program, and it doesn't really work for us." I'm going to tell you in a second why that is.

The APP program, as you know, is a loan program for producers. It doesn't work for us because it's tied to CAIS. Producers get an APP loan; two weeks later they receive their TAP cheque, and it goes to pay off the APP loan. Not only that, the bank will have already reduced their operating line, because the security is tied up.

So I think we're calling on you people to try to help move this. If it's an idea that can help producers, it takes changes to regulations, and I think we need to talk about it.

There are other ideas that have been put forward, things like the sow reduction program or an interest reduction program. We can talk about that as well.

I'm out of time for now, James, but I think you heard the issues. Something needs to be done and it needs to be done soon. We're talking about February 1 being Black Friday. We have many producers who are on COD who just aren't going to be able to carry on, and something needs to be done. And it needs to be either done or announced in the next ten days.

• (0925)

The Chair: Thank you, Mr. Moffett.

I'd just remind members, we're going to hold you to five minutes. I will cut you off at five minutes, so that everybody has an equal chance to get in on this round of questioning.

Mr. Easter, you're going to kick it off.

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

Folks, I wish you were here under better circumstances, but the committee did think we needed to have, basically, an emergency meeting to hear from you. In all honesty, what needs to be done needed to be done yesterday. The fact of the matter is, for whatever reason, there doesn't seem to be an understanding of how immediate and how serious this crisis is for both industries.

I do think the committee did a good report. But coming to our recommendation one, what do you suggest from both areas that will basically make that work? The reality is, and I think Stephen explained it reasonably well, the programs that are announced basically don't put any more money in your pocket. It transfers money from one file to another. We're losing our most efficient hog producers in the industry right now. It isn't poor producers; there are none left anyway—poor producers. We're losing our most efficient producers, the ones carrying the debt.

On the cattle industry, where I've been, the number of cows going to market, many of them pregnant, is spelling disaster for that industry down the road.

Point number one, what we need to know is what absolutely has to be done in terms of immediate, short-term relief, and I agree with you that it has to be announced right away, to put actual cash in your pockets to handle some of the debt load and carry-over in the cattle industry, but deal with the liquidity problem in the hog industry. We need to get specifics on that.

Mr. Clare Schlegel: Although we would love to have money in our pocket that doesn't have to be repaid, we live in a globalized world and are concerned about trade. We're committed to living in that reality.

What we need is the ability to allow our producers to have a chance to make an intelligent business decision to either stay in or to get out, and because the hole is so big, we need a loan program that comes in behind the banks, where we think there is security there, plus the opportunity of a GSA at the kinds of levels that producers are requiring to fill the cash gap.

Secondly, we do think there is a possibility with an APP with the appropriate changes, if that's the vehicle that wants to be used. We think the dollars that were announced in that program are probably somewhat adequate, if three changes can be made.

First is the requirement for security ahead of the banks. If they come in behind the banks using inventory as security, that would work. Second is a change of the link to CAIS. Third is something to do with the definition of a producer, so that some of our more efficient larger producers have a chance to make use of this facility. Also, there's the six-month clause, if there's some way to adjust that to make it more realistic.

There are some options perhaps within current programs. The main issue that has to be addressed is liquidity. Even with that, the path ahead for our producers is difficult and it takes a tremendous commitment. But if we're not careful, we're going to lose critical mass here in this country, and if we get below critical mass, all of a sudden there's a downward spiral that we probably can't change.

Hon. Wayne Easter: Brad.

Mr. Brad Wildeman: I think in our original recommendation we had asked for a special advance program on a per-head basis. The

reason for that is there's a lot of mistrust about what these programs can deliver under the advance payment program, under the advance programs. These people need something that's bankable, that they can go and figure out what that means to their business enterprise.

We've seen that, by the way, in Saskatchewan, where the Saskatchewan government has come up with a program based on a per-head basis, up to \$75 per head. We had asked for it nationally for up to \$100 per cow and up to \$150 per feeder animal, based on a census that we did amongst our producers, rather than some other forms of advance that were too difficult and too complex for most producers to be able to count on.

● (0930)

Hon. Wayne Easter: I just want to be sure. My question is really this: you don't see that as being countervailable. Can you explain that, Brad?

Mr. Brad Wildeman: We don't think so, and there are a couple of reasons. One reason is that it is repayable. We're saying it should come out and it should be interest free until a producer has an opportunity to get his file dealt with by the business risk management people. At that point, it either could be repayable or interest bearing. But I think what we're saying is that if it's taking so long to get these things done, maybe the government needs to share some of that responsibility.

The Chair: Thank you, Mr. Easter.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): I agree with Mr. Easter. These solutions should have been brought to the table yesterday so that you could have already received the initial amounts announced. We have not made any headway. As I see it, you did your job. You represent your producers very well. You came before the committee, you made your representations, and you have written letters to the Prime Minister. There is not much that you have not done, other than stepping up your protests. That too may happen.

I also feel that the committee has done its job as well. We have listened to your concerns and we have produced a report and made recommendations, which you have praised, either through a press release, or verbally, through Mr. Shlegel's testimony. Some solutions are possible. The problem has not gone away, but ultimately, I sense that the message is not getting through. Unfortunately, decisions are made here, at the government level.

Yesterday, during Question Period, a Conservative member put a question to the Secretary of State for Agriculture, Mr. Paradis, who is not the Minister of Agriculture and Agri-food, although it would seem there are attempts to pass himself off as such in Quebec. Mr. Paradis stated that the government had allocated \$76 million to deal with the porcine circovirus, and had earmarked an additional \$1 billion for livestock production loans. He informed us that he had met with staff in the office of France's Minister of Agriculture and had conveyed to them his disappointment with Europe's decision to subsidize exports of pork products. He also stated that the Conservatives were stepping in to help the hog industry. To listen to Mr. Paradis, the Member for Mégantic—L'Érable, you would think that all of the problems plaguing the hog industry have been resolved.

Mr. Schlegel and Mr. Moffett, I would like to get your take on the statements made yesterday in the House of Commons.

[English]

Mr. Stephen Moffett: I'll comment on two or three items.

First of all, the circovirus program is something we have worked on with the government for quite some time. That money hasn't started to flow yet. I understand it will flow very shortly. We think it's an excellent program. It will help producers, going forward, to deal with the circovirus program.

The problems we had a few years ago for the most part are being solved because we have a vaccine available now and it works, and the government has seen fit to help make that vaccine available to producers. So that's going to be a very good program when the money starts to flow. However, it doesn't do anything for those producers who were devastated by the disease two or three years ago, especially in your province and in Ontario.

So we do applaud that program. That has a little bit different focus than the price crisis we're talking about right now.

We certainly indicated that we're a little bit concerned about comments made about loans flowing out to producers through the APP. I think Clare indicated the problems with that program.

We're probably calling on this group, which is all-party. Our indication is that legislation has to be changed. There's maybe a bit of frustration that had we tried to make those changes last fall, when we first started talking about this issue, they might be in place now.

I indicated to you that we need to see something happen in the next few days, or at least something announced. If you as a group got all parties together and said let's resolve to make these changes to this program so that this money—which I guess you could say is available if the changes were made—could be made available to producers, we would see that as an extremely good thing. It would deal with the crisis. It would give producers liquidity that we're asking for. But at this point, producers are given false hope, because it's really not available because of the issues Clare mentioned.

We hear stories about a producer who gets an APP loan one day and then two weeks later he has to pay it back with his CAIS cheque. It just makes no sense at all.

We think if the changes can be made, that would be really helpful.

● (0935)

[Translation]

Mr. André Bellavance: Therefore, you have not yet tapped into the \$1 billion Mr. Paradis mentioned. These funds are not available. This issue has not been resolved. It is important to understand that this is the message the public is hearing. The same thing occurred when on December 19 last, the government announced that beef and hog producers would be receiving \$1.5 billion under recently announced programs. We are at the initial stage of an action plan pursuant to which a total of \$2.3 billion will be allocated to help your industries. The public hears the words “billions of dollars”. But you're saying that you have not yet seen these billions and that you do not see any light at the end of the tunnel.

[English]

The Chair: Make your response extremely quick. Mr. Bellavance's time has expired.

Mr. Clare Schlegel: Let me be clear that the December 19th response was a cruel joke to many of our producers. There were false hopes and false assumptions and false expectations that simply weren't deliverable.

The dollars are there but are currently not available to help us through the process. We appreciate speeding up the payments on CAIS and all the adjustments that have been made, but the primary response to the question with regard to liquidity for a loan has not been addressed to date, and other adjustments to CAIS as well.

The Chair: Thank you.

Mr. Lauzon.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you very much, Mr. Chair.

Welcome, gentlemen. I agree with Mr. Bellavance that you are great advocates for your industry, and what a terrible time to be going through in your industry.

I gather that you people have a huge amount of experience in the industry. I've spoken to a couple of you before, and obviously you are very learned and very experienced in the industry.

From what I can gather, it is, as somebody mentioned, the perfect storm here, because I understand we have an oversupply of pork and cattle; we have a dollar at par, or in some periods a little more than par; we have high input costs, probably higher than you've ever experienced; and it seems that we're in some of the lowest prices we've seen in a considerable amount of time. Everything seems to be happening at once.

In your experience, has that ever happened before? Have we ever had everything coming at us at once?

Mr. Brad Wildeman: No. Again, we are a cyclical industry, and I think the hog people would agree with that. So we have seen tough times come and go. That's the nature of the business, so we are prepared for that. But I don't think we've ever seen swings particularly that weren't related so much to agriculture—obviously, the high dollar and so on.

On the cattle side, we are a little different in that we are not in an oversupply situation. Our problems are simply the fact that this thing has moved so rapidly that there are still some significant restrictions to being able to get cattle moving back and forth across the border, and some of our markets aren't open. But the other things are certainly unprecedented.

Mr. Guy Lauzon: The point I was trying to make is that this is a unique situation and it needs a unique solution. Contrary to my colleague across the way, one of the recommendations from my colleague is that we give you an ad hoc payment, and I think, Mr. Schlegel, you said that you'd get yourself in a countervail position, which is the last thing you need on top of all the problems you have.

But as I understand it, the minister and his officials have been working, and I think there is quite a bit of consultation going on. What I like about this minister, being a farmer, is that he looks to you for solutions.

I understand that a couple of the solutions you brought up again this morning were around the caps. It seems that could help. I think it's important that you get those caps removed or at least adjusted. Also, the CAIS seems to be causing you some problems.

If we could move on that, how effective would that be to resolve your problems?

• (0940)

Mr. Stephen Moffett: As to some of the issues we've talked about around the CAIS program, and you mentioned the caps especially... There are caps on CAIS, there are caps on the new AgriInvest program, and we have been really concerned about that right from the start.

Our indication is that governments do tend to like to have capped programs. This is not the first time that has been the case. But our industry is changing. Not to say that smaller producers are not efficient, but some of our producers have seen fit to grow in size and it has worked very well for them, and those producers are basically being left out of the CAIS program and being left out of the AgriInvest program because the caps are insignificant in relation to the size of their operation.

In Saskatchewan, for example, 60% or 75% of hog production doesn't get protected by the CAIS program. So you have to stop and ask yourself why we have these programs.

In answer to your question, fixing those doesn't resolve the issue for all producers, but there's a tremendous issue with the CAIS program in that we often hear producers say, "You know, this CAIS program is great; I got a pretty good-sized cheque, and it helped me out when I needed the help." And then we'll get comments from other producers who will say it has not helped them, because maybe they're a colony and they're diversified, and maybe they're just large and over the cap.

So there is a lot of production that gets missed because of the caps we have in our programs. So that's a real issue for us.

Mr. Guy Lauzon: Can I ask for one short answer? I just want to confirm that if we give you an ad hoc payment that gets you in a countervail position, that will be the last thing you people need right now.

Mr. Clare Schlegel: What we need is cash for our producers through a loan program to avoid a Black Friday and an animal welfare issue that would not be helpful.

Mr. Guy Lauzon: That isn't countervailable.

Mr. Clare Schlegel: That isn't countervailable and that has some security.

Secondly, we need the federal and provincial governments to work together to fix the CAIS program and to get it done quickly.

Mr. Guy Lauzon: Thank you very much.

The Chair: Mr. Wildeman, did you want to follow up on that? You have just a few seconds.

Mr. Brad Wildeman: Yes, I have just a very brief comment.

An ad hoc likely isn't the best thing to do, but we have a program and we have to make it work because the program we have isn't getting the chores done either. So although there's a lot of concern about countervail, I met with producers today who said that on February 1 they can't meet payroll. They have to decide who's not getting paid so they can pay their employees. That's February. What's going to happen in March?

This guy is a large trader, but he said, "I can tell you, countervail is getting to be a lot farther down on my list of things to be concerned about unless we get this fixed."

The Chair: Thank you.

Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much.

I'm going to start by asking a question. You've touched upon this as an Ontario pork producer and I'd just like your comments on it. With the financial crisis and the lack of liquidity among farmers—or, simply put, the lack of cash—and given that tomorrow is the first day of the month, what is the probability that farmers will be unable to provide basic animal welfare needs such as feed? Is tomorrow going to be a Black Friday for the pork industry in this country?

We're coming right around to it. We seem to be talking. Everybody has good intentions, and I do believe our minister and the government have good intentions. These are not evil people around here. However, something isn't happening. It's a possibility, in your words and in the words of this producer, that tomorrow is going to be Black Friday.

Have inspection fees been waived? Why isn't the cash flowing? None of this seems to make sense when we have an industry that's basically falling down. I want to get some comments, maybe from both sectors, before I continue.

Mr. Clare Schlegel: Cash is a huge problem. It's not a normal low. We don't want to lose the infrastructure in this country. We don't want rural Canada to be decimated, so absolutely. There are COD feed deliveries now, and at a certain point the unsecured creditors say we can't go any further. When that starts to happen, we're not sure what's going to happen.

Mr. Brad Wildeman: I think the cattle industry is somewhat behind that. Ours is a little longer production cycle. We don't have the things happening, but equity is being lost. What has happened is that some of these people have gone to their lenders and extended their loan provisions, but they're now finding out that even with those extended loan provisions, the banks are getting hesitant to actually advance against those loan provisions because they don't see an end in sight and they don't see this problem being dealt with.

So I don't think we'll have the crisis on Friday, but these losses continue to occur, and at some point we're going to see the same thing. And we're starting to see that, because we're seeing fewer cattle being placed on feed. We're seeing a lot more cows come to market.

● (0945)

Mr. Alex Atamanenko: Just as a follow-up, the last time we were here, in December, your colleague from Quebec asked us how we can help you compete against foreign governments. That seems to be part of the problem.

Mr. Wildeman, you mentioned that we need a new look in dealing with international trade, that we have shortcomings. Then we have this whole problem of countervail, and often the stance of this government in dealing with any international obligation is that we have to be very careful of our trade obligations. We can't do something that would be harmful in this respect, whether it's in the fruit industry or in the cattle or pork industry. So is there something we should be doing?

You mentioned also, Mr. Wildeman, that some producers are saying, "Well, countervail, that's not a major priority". Is there something we should be doing here?

Mr. Brad Wildeman: I think the report that came out of this committee not very long ago would go a long way toward doing that. We're saying the foundational building blocks of a good business risk management program are here.

The devil's in the details. We've tried to help with those details. We've tried to be creative about some things. We continue to try to come up with creative solutions, but the reality is we're not going to deal with this crisis unless somebody's going to change these things and be willing to fund them.

We can make all these changes, but the problem is if no money flows, we're just having a pretty interesting discussion. The problem is that while we're having an interesting discussion here and in the provinces, producers are going broke.

If you can't make payroll, do you really care about the future of trade? We know that in the long term the beef industry depends on trade and the pork industry depends on trade. We're 60% reliant on trade. We've made a pretty good living in that. We think there are more growth opportunities there. We're excited about the opportunities for the beef thing. If Canada gets serious, we think we can gain significant market share in some of these countries, but of course you have to get there.

We're in this dichotomy in which we know where we want to go and we see some tremendous opportunities down the road, but we're not sure who's going to be left standing when we finally get to that opportunity. That's the problem we're into today.

Mr. Stephen Moffett: Can I respond quickly?

The Chair: You have just a few seconds.

Mr. Stephen Moffett: I think we're in the same boat. We're very concerned about trade. We're getting producers coming to us saying the same thing, that if they can't meet their payroll, then why should they worry about trade? I think that's the reason we have said from the outset that we want a loan program that would deal with liquidity, because then producers can make the proper decision and not the decisions they make when the feed truck won't come unless they have the cash for the COD.

The Chair: Thank you.

Mr. Boshcoff, the floor is yours.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Thank you very much.

On Tuesday evening at the late show I asked some questions of the parliamentary assistant, the very questions you asked: Could the government do more? Had the programs fallen short? Was December 19 a cruel joke? Why is the province there and not the feds? I was told that it was well in hand; the funds were flowing; the problem was essentially solved. I find there is a great contradiction between what I heard on Tuesday night, which is in *Hansard*, and this, so I'm more shocked.

At this time, I think we really want to discuss solutions and that particular issue of discriminating against the family farm. I think many of us get into the business, as members of Parliament, to really protect individuals and the continuation of that business.

I'll also be sharing my time with the honourable member from Brant, who has a question too. If you could, address that part of it, and then the honourable member will ask his question.

Mr. Brad Wildeman: My answer will be short. If somebody thinks the problem's solved and the money's flowing, they might want to come out to Saskatchewan. I could perhaps introduce them to some producers. That's my comment on it.

Certainly, again, we've continued to work on it, and officials have been open to the discussions, but right now we need some actions, and they're not doing that.

I think the question of the family farm is an interesting one because I think it comes to the whole root of the cap issue. People say, "Well, what is a family farm these days?"

Again, this producer I sat with the other day, who's in dire straits, started with nothing in 1985, and he has 250 employees. He has barns operating all over Saskatchewan, but every member of his family works in that barn. He has pledged everything, including his own home, against that hog thing.

Is his not a family farm? Doesn't he deserve the same protection as every other producer? He's not a Cargill. He's not a corporation. He's a guy who's put every penny and worked seven days a week to build his enterprise, and he is going to lose it all because this program doesn't meet his needs.

● (0950)

Mr. Clare Schlegel: My response is very simple: the time to talk is over; the time to deliver is now. Talking doesn't help us anymore. The direction needs to come from the political side down. We've been working with the bureaucrats for about two to two and a half months, and I think they're very clear on our position and our understanding. There are some possibilities and some opportunities. It may take the cooperation of all parties to make it happen quickly now.

Mr. Lloyd St. Amand (Brant, Lib.): Thank you, Mr. Chair. I appreciate my colleague allowing me an opportunity.

Mr. Schlegel, I have two questions for you, if I may. You have categorized the December 19 announcement—and I'm using the term loosely—as a cruel joke on the producers. I presume you're saying it was an announcement without meaning, without substance, with no relief whatsoever being provided for the producers. That's my first question to you, Mr. Schlegel or Mr. Moffett.

Secondly, in terms of the numbers, how many farm families in Ontario are recorded as having already gone out of business or as very soon to be going out of business, and how many market animals does that represent?

Mr. Clare Schlegel: To answer the first question, I have two examples. There was a producer in Middlesex County who took out the APP. He got his money. Two weeks later he got a CAIS cheque, but it went to pay off the APP.

The second story is about a young producer in Perth County, who was counting on the APP to provide additional credit to help him through the spring and then realized the bank was simply going to reduce his credit line.

That's why we call it “a cruel joke”.

With regard to liquidation, be assured that it is happening in this country more than the United States. It's starting in the U.S. as well. The issue for Canada is whether we want to continue to be a value-added export sector in the red meat industry and compete around the world. If that's the case, we need some help in this unusual normal low to adjust to the new world reality of this currency situation.

Stephen, do you want to add something?

Mr. Stephen Moffett: You asked about how many families there are. We know that in Ontario alone, 52,000 sows have gone to market. That represents about a million hogs a year and about 50 farm families. That's a lot of people.

The Chair: The time has expired.

Mrs. Skelton.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): I want to follow up, Mr. Schlegel, on what you said about the CAIS cheques and the young producers. Can you tell me exactly what we need to do to help that young producer, so we have it on the record?

Mr. Clare Schlegel: We need loans that are available that come in behind the bank for security reasons. If APP is going to be the vehicle we use to address that, then we need significant legislative change to make it possible.

Hon. Carol Skelton: What would those significant legislative changes be?

Mr. Clare Schlegel: They would be security tied to inventory, and a delinking with CAIS, or at least based on future CAIS payments as opposed to the immediate ones. Third is the issue of the definition of “\$400,000 per unit” as opposed to “producer”. Fourth, it would also be helpful if the repayment schedule could be adjusted.

Hon. Carol Skelton: So is that a change to the cap? Is that what you are saying?

• (0955)

Mr. Clare Schlegel: That's one way of addressing it, through APP. It's not the only solution.

We did meet with the minister this morning at 8 o'clock. We think there are some opportunities and possibilities, but the issue is about timing. It's time to deliver. We have to get it done. We have to stop talking. If legislative changes are necessary, we urge all of you to consider that and to perhaps look for a meeting with each of your ag critics in the next days.

Hon. Carol Skelton: Can I have the cattle industry's comments on that, please?

Mr. Brad Wildeman: For some people, particularly the cow-calf sector, I think there is some need for the loans. I think our bigger issues are not on the loan side; they are in trying to get these programs to actually work. I've heard from most producers that if they're not going to get anything, at least say so. This idea that we're coming up with these announcements that don't give any help and telling people it is being worked on but nothing happens is really starting to make the industry very bitter. They are not only bitter at governments but bitter at associations and others, because they're not getting it done. People don't believe that anybody cares about them.

Your report clearly identifies the key things that need to be done. If we could get those things done, we'd be in good shape.

Hon. Carol Skelton: You mentioned something interesting about the cow-calf producers. Can you tell me a bit more about that, please?

Mr. Brad Wildeman: As grain prices have gone up, the feeder calf prices have dropped. Cow-calf producers, who have feed at home and are able to feed these calves to higher weights, have a way to improve the value of those animals. The problem for many is that the calves are worth less, so their cashflow is down. They don't have the financing capability to feed these animals longer because they need some sort of financing arrangements.

In this market the bank isn't the friendliest place to go right now if you're in the livestock industry. To be able to maintain these animals, raise them to higher weights, or maybe sell some cows and restructure their farm—all this needs cash, and they need it in a hurry.

I think the loan program is particularly helpful for the smaller cow-calf producers and not very helpful for the feeding sector.

Hon. Carol Skelton: Since the border opened in November, what has that done to help your industry?

Mr. Brad Wildeman: Again, we're still struggling with some regulations. The other thing is that the trucking industry hasn't grown back from the losses that occurred when the border was shut. We lost a lot of that transportation infrastructure.

But it has helped. We're seeing basis levels narrow. If our dollar was back to anything we used to be, we'd be in pretty good shape. We said at the last meeting that a 90- or 95-cent dollar would do wonders for our business. I'm glad you raised that.

I want to remind this committee that there's a court hearing on February 19 on the preliminary injunction from R-CALF. We could be here in a few weeks talking about the fact that those markets are lost to us. We'll be in another very critical situation given that we built this packing capacity but they don't have enough labour to run it. We see that as another threat that we're pretty concerned about. It could change the dynamics of the industry significantly.

The Chair: Thank you.

Our time has expired, but we started 10 minutes late and I'm going to add 10 minutes to the clock so we'll have two more rounds of questioning.

Ms. Thi Lac, the floor is yours.

[Translation]

Mrs. Ève-Mary Thaï Thi Lac (Saint-Hyacinthe—Bagot, BQ): Good day. I will be splitting my time with Mr. Bellavance.

Mr. Schlegel, you said you wrote to Mr. Harper? Has he responded to you?

[English]

Mr. Clare Schlegel: To date we haven't had a response.

[Translation]

Mrs. Ève-Mary Thaï Thi Lac: Do you feel that the government is abandoning you?

[English]

Mr. Clare Schlegel: Do you want to respond, Stephen?

Mr. Stephen Moffett: I indicated at the very start that we're very disappointed in the response of the government. I'm not sure whether "abandoning" is the right word. We worked with the bureaucrats to find ways to speed up payments and to get the TAP payments out quicker than they might normally have been. Those things certainly have been very helpful. I would say I have nothing but praise for the people we've worked with. Maybe I wouldn't say "abandoning us", but certainly they have not come through with what we asked for.

The specific request was for something over and above existing programs to deal with the liquidity issue, and that has not happened. We can't stress enough that it needs to happen, and it needs to happen very soon. Or at least it needs to be announced very soon.

• (1000)

[Translation]

Mr. André Bellavance: The Advance Payments Program is expected to kick in at the end of April, but until then, how are you going to manage? Some producers are barely hanging on as it is. Banks have been patient, but their patience is beginning to wear thin.

Earlier, Mr. Schlegel, you talked about the number of producers on the verge of bankruptcy. The beef industry is facing a similar situation. In your opinion, is the situation growing increasingly desperate?

[English]

Mr. Clare Schlegel: The help lines have been re-established in rural Canada for a reason. This is not just an economic situation. This is a family situation; this is a community situation.

If Canada lets our producers fall, there are going to be equipment dealers, there are going to be veterinarians, there is going to be a whole down-spiralling of the very fabric of rural Canada, and that's beginning to take place.

To expect us to come to the public and cry on a continuing basis, that's not what our producers do. The unfortunate reality is that family violence, etc., happens in these situations, and it's starting to

happen in an increasing way. It's because there's no hope for the future. We don't see the support, the community.

Things that have happened to us in this downturn are way beyond our control. We have no control over the Canadian dollar. We have no control over feed prices. We do have control over how we operate our barns, and damn it, we're one of the best producers in the world and there's no reason this industry should go down.

I've got a lot of good things to say about the Government of Canada and their responses. You're trying to help us get into Russia. The minister is working hard at that. It's absolutely needed.

On the regulatory front, we're aware that the environment is changing and that we've got to respond. We've got to be competitive with the U.S. Our government is working on that.

But the current reality is this cashflow issue. If it's going to be April 30 when APP is available to us, don't bother. Maybe I'm overstating it, but don't bother. It's not helping the immediate situation. We weren't kidding when we said "cash before Christmas", and now it's a month later. A lot of us are paying bills every other month. We're trying to figure out what we can do. We've got people calling us. This is not a fun scenario.

I gave a report in Huron county. I was at their annual meeting. People want to know what's happening so you report what's happening and you try to give a balanced approach. Where is the optimism, where is the pessimism, and what's the realism?

I had a person call me the day after, and after hearing my comments, he pulled the plug on 28 finishing barns and an entire loop in southwestern Ontario. He decided that was it. Paul was there. You heard...

So we're struggling. At the farm level we're trying to figure out what we should do. We know liquidation is happening.

Finally, since Christmas, we can clearly see there's an opportunity, there's light at the end of the tunnel, this industry can survive, but it needs some help. It needs a bit of help to get through the hollow, and we can continue to add to the balance of trade for this country.

The time to talk is over. We either deliver or we don't, and if we're not going to deliver, then we need to tell our producers, "These are the tools you have available. Get together with your bank, your supply community, and figure out what you want to do."

What this downturn is requiring of me—and I can speak personally here—is it's just like building another barn. I either reinvest equity and choose to stay in it—that means I've got to be committed to farm until I'm 55 or 60, and you can see the grey hair on my head—or get out. In the best of times, I've got to reinvest. So when we call for loans, we are calling for a reinvestment, a commitment to the future. That's different from a cash payout where you take it and you run.

I think we are very realistic in what we have put forward. I'm sorry I got a little emotional here, but I can't put up with the delay. It just can't happen any more. That's not where we are in rural Canada.

And it's more than money. It's families that are involved here.

•(1005)

The Chair: Thank you. Time has expired.

Mr. Storseth, the floor is yours.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you very much, Mr. Chair.

First I want to start out by saying that I may be the only one here who thinks this, but I think it's a mistake having both you guys here at the same time. These are two separate industries with two very different issues and they need to be addressed as such. That's the first time I've heard that said.

The second thing is, I'm going to direct my questions to the Canadian Cattlemen's Association, simply because that's the biggest industry in my riding. But I do recognize that there are some significant problems going on in the hog sector and in the pork sector, and we need to look after that.

Mr. Wildeman, I've got some questions. I did about eight or nine consultations with agriculture producers in my riding since we last met. You came before this committee on November 26. On December 15 this committee released its report. On December 19 there was an announcement, and it's a horrible thing to say, but the money is in the system. It does take a little bit of time.

Can you tell me the last time you remember a minister acting this decisively?

Mr. Brad Wildeman: Obviously we had some very quick actions back in 2003, so we appreciate that again from this committee and others. There has been some precedence, but not on this issue.

There has been lots of discussion. I think we both said that. But really, if we look at the key acts that could really make a difference, I would argue that very little has been done.

Mr. Brian Storseth: Mr. Wildeman, I read your recommendations from the last time you came before committee. You had one recommendation on monetary policy, two recommendations on trade policy, one on labour, one on industry, and only one recommendation dealing with cash, which was a loan recommendation.

This isn't what I'm hearing and this isn't what Mr. Easter is hearing from his constituents. The people I'm talking to aren't worried near as much about countervail as you seem to be worried about it. And now I'm confused, because you come before us today and you're very clearly wishy-washy on whether or not you believe we need to stay out of the countervail situation or not.

Mr. Brad Wildeman: I think there was another whole document tabled at this committee that talked about short-term options all related to business risk management.

Let me be clear that certainly we're very worried about countervail. Again, we're traders, and we've said that. We think the existing foundation of business risk management programs can meet both the requirements to support our industry in this time and keep us in a trade-neutral position. So I think that's where we've been.

My comment was simply that when things get desperate enough, the long-term goals that we have for our industry tend to get compromised. If you can't make your payroll, you're not worried about the long-term things.

So the CCA's position is that we've always been very sensitive towards the countervail issue, but we think there are some ways we can change the existing business risk management programs to meet both the needs of the producers and the countervail risk.

Mr. Brian Storseth: Thank you, Mr. Wildeman.

As I sit here and listen to you today, I have to once again ask you this question. And we have more than enough politicians around the room, so I need a straight answer out of you. Do you or do you not believe that staying out of countervail situations should be one of the key priorities for this industry?

Today I heard you mention feedlots five times. The only time I heard you mention cow-calf producers was when my colleague asked that question.

Mr. Brad Wildeman: Fair enough.

To the first question, yes, we're worried about countervail risk, no question. I think we've been one of the stronger proponents of that.

Secondly, the reason the feedlot industry is getting mentioned most is that they're going to be most directly impacted first, and then that's going to bleed down into the cow-calf sector. As these feed yards start to crumble financially, they'll start to have an impact on the cow-calf industry more and more.

If you look at, for example, what's happening to feeder prices now, there's certainly been a delayed response compared to what we've seen in the finished market, but these things will bleed down. We're not an integrated market. We have a number of stakeholders, so it takes longer. And we've mentioned that before.

The Chair: Mr. Laycraft.

Mr. Dennis Laycraft (Executive Vice-President, Canadian Cattlemen's Association): I want to make it clear that as we talk really about the entire industry, we're equally concerned about our packing and processing industry. We're at serious risk right now of seeing further erosion. We learned back in 2003 that you never want to be as dependent on foreign processing as we were at the time. We've seen losses in every sector in our industry over the last four or five months.

That said, whatever we do in the short term, we don't want to interfere with our ability as an industry to compete into the future as well. We believe there's a strong future. We're seeing world demand for high-quality beef continue to grow. In every market we've gotten back into we've actually exceeded pre-BSE sales, with the exception of Japan, where the conditions are so tight that we just simply can't provide enough supply. It isn't that there isn't enough demand; it's the restrictions that are interfering with that.

We need to see the regulatory issues that we've identified. More credit isn't going to solve the problems of the industry. It allows us time to adjust while these other things take place, but if we don't address all of those other competitive recommendations we've made, we're delaying the inevitable. So we want to make it clear that it isn't just avoiding countervail, it's tackling these other issues.

When we were dealing with the 67-cent dollar, those things were more or less obscured by our low currency, but as we start to compete with the par dollar, every one of those factors just sticks out. It's going to take a whole range of things to be addressed for our two industries really to move forward and get back to where we feel we are competing. For the last four months we've been exporting feeder cattle at a record level. That's set a floor for cow-calf producers, but we're now facing country of origin labelling requirements in the U.S., which are going to put different requirements on that.

That said, we are still going to export close to 40% of our production. As long as we do, a countervail will put us at risk.

•(1010)

The Chair: Thank you. Your time has expired.

There were some comments about the size of the industry and whether we need to be reducing the size. I'm a cow-calf producer. I firmly believe that we have too many cattle out there, especially post-BSE. The herds are bigger than they've ever been, historically. Personally, I feel that we probably need to take a million cows out of the inventory.

I see that the hog industry is responding to the market. They are liquidating. We are seeing that adjustment happening in the hog industry. But it's not happening in the cattle industry. Do you have any idea why it's not and why the market signals haven't triggered a sell-off?

I know there are some increased numbers. John and I were talking about that earlier. There is an increase in the cow kill, yet a lot of cows in my area that should be going for kill are actually being bought up at record low prices to increase herds in other areas of the province.

Mr. Brad Wildeman: I don't know that. I would argue that we're going to see a significant downsizing in the industry, from what we hear in my part of the country.

Part of the reason it hasn't occurred yet is simply a matter of slaughter capacity—just getting them into the system and getting them through. There's lots of feed out there. People are hoping to, for example, get them exported to the U.S. once this feeder cattle run is over.

There's clearly going to be a downsizing. And we don't think that's wrong, by the way. We think market signals should dictate what producers do about this.

What's happened in this case is that it happened so quickly that we simply couldn't have that kind of response.

The Chair: Thank you.

I want to thank everybody for coming in on short notice to testify. We appreciate your heartfelt testimony. This is an issue that is huge across Canada in rural areas. We'll ask the committee to deliberate on what they heard today and decide how to move forward. It doesn't sound as though there are a lot of changes from the original recommendations the committee made, so it's just a matter of timing.

I'm going to suspend. I'm going to ask that the witnesses clear away so that our next set of witnesses can come to the table.

•(1010)

_____ (Pause) _____

•(1020)

The Chair: I call the meeting back to order.

I welcome officials from the Department of Agriculture. There are no strangers here; I think everybody's been here many times.

We have Andrew Marsland, who's the assistant deputy minister of the strategic policy branch; Krista Mountjoy, the assistant deputy minister from the market and industry services branch; and Nada Semaan, who is the assistant deputy minister for farm financial programs. Bill Hewett is here, who's an executive director in the program policy directorate in the Canadian Food Inspection Agency, and Danny Foster, who's director general of business risk management program development, farm financial programs branch.

Welcome. You were all here to hear the testimony we just wrapped up with CCA and CPC.

Krista, I understand you're going to lead off with your presentation. Please keep it under 10 minutes.

Ms. Krista Mountjoy (Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food): Thank you, Mr. Chair.

We certainly appreciate the opportunity to meet with you this morning to discuss the serious situation the Canadian livestock sector is facing at this time.

[*Translation*]

As you know, a number of factors have come to bear that are putting major financial pressure on our producers.

[*English*]

Governments and industry are very engaged on this issue. When they met in November, federal-provincial-territorial ministers agreed to develop a joint industry-government action plan to address these challenges and to support the long-term profitability of the sector.

[*Translation*]

Coming out of a follow-up discussion on December 13, ministers announced the first stage in a national action plan to help Canada's livestock producers.

[*English*]

Through the new suite of business risk management programs, ministers agreed to accelerate access to payments under AgriStability through targeted advance payments and interim payments, to expedite the delivery of the \$600 million in federal funding to Kickstart AgriInvest accounts, and to make available an additional \$1 billion in loans to livestock producers across Canada through improvements to the advance payments program.

Governments are currently working with administering producer organizations to ensure that these loans are available as needed. Targeted advance payments have already been triggered for hog producers in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, and Nova Scotia. Interim payments are available for those who are not eligible for a targeted advance payment.

As you are no doubt aware, an error occurred in the TAP letters that went out to Saskatchewan producers earlier this month. The department sincerely regrets this error. We know producers are under a great deal of stress right now, and this error could not have come at a worse time. We have taken steps to ensure this never happens again.

That said, we also know that timely access to produce program payments is critical for producers at this time. Fast-tracking delivery of payments through existing programs remains our goal. To this end, we are currently working with the provinces to fast-track 2008 AgriStability TAP payments, 2008 interim payments, and 2007 final payments. AgriInvest Kickstart payments have been deposited into producers' accounts.

AgriStability, the new margin-based income stabilization program for large income losses, includes many improvements requested by the livestock sector, such as broader eligibility criteria for negative margin coverage, the targeted advance payment mechanism to respond to disaster situations, and a better method of valuing inventories. These changes are helping to ensure the program is more responsive to losses in the sector.

In fact, from late 2007 through to 2008, nearly \$1.5 billion in cash payments is expected to flow to livestock producers through existing and new programs. There is also up to \$1 billion in additional amounts available to the livestock sector through enhancements to the advance payments program.

We fully recognize that competitiveness is key to the survival of our pork and beef industries. Under the action plan, ministers have committed to work with industry to improve Canada's export market position to enhance competitiveness and profitability by modernizing and streamlining regulations.

The Government of Canada is working closely with the beef and pork value chain round tables to address the issue of increased global competition and development of export trade. Everyone at the table agrees on the vital importance of improving market access to key red meat markets; these include Mexico, South Korea, and Japan. Just last week, for instance, Minister Ritz was in Mexico, pursuing normalization of livestock and beef trade with Mexico.

To summarize, Mr. Chair, we're working closely with provinces and industry to respond to the pressures facing our livestock producers, both through program acceleration and enhancements and through action internationally to improve industry's competitiveness.

We're certainly very appreciative of this opportunity to share ideas and chart the best way forward for beef and pork producers.

Thank you. Merci.

• (1025)

The Chair: Are there no other comments from other witnesses?

With that, again, we're going to stick with the five-minute rounds, and we'll kick it off with you, Mr. Steckle.

Mr. Paul Steckle (Huron—Bruce, Lib.): Thank you very much for appearing this morning. I realize it was short notice, but the issue we're addressing this morning is not new. I'm sure that all of us know the issue quite well.

We keep hearing that programs are being delivered upon, and yet I hear from real farmers who are coming to me to talk about what is happening at the farm gate. Just recently there was a case of a husband and wife team. They both applied and got \$400,000 from the advance payments program. That's \$800,000. They were anticipating \$700,000 back from CAIS, although I think CAIS is a redundant program—at least I was told that this government had gotten rid of CAIS, but we keep referring to CAIS time and time again, so I'm not sure where that is. In any event, the \$700,000 isn't forthcoming, and now they're in a conundrum. What do they do?

I guess the question they have is why we have one program pay and then have another one grab it back. What that \$800,000 did was pay off short-term debt—the veterinarians, the feed bills. Some of the short-term local suppliers were able to be compensated because of this money. Now, all of a sudden, there's a shortfall, because they lost their bank credit.

We have to do something more substantial than that. Either government is committed.... I'm not sure whether the resistance is coming from the department or whether it's coming from the minister or whether it's coming from government in general. I don't mean this as a partisan statement, because I've been part of government as well. I just feel that we have not, in Canada, grasped the idea that food production is really important, because food is so accessible from many parts of the world.

I don't want to exhaust my questioning this morning on statements, but basically I think it's time we started grasping the notion that producing food in Canada is important. Unless we take it very seriously, unless we can deliver very quickly on farm programming and on making those commitments—in the next few days—so that something is bankable in the long term.... Because this short-term, three-month thing is no good. This industry isn't going to turn around in three months. We have to have something more substantial than that. Unless we can do that, some of these guys are going to turn the key, as Mr. Schlegel said a few moments ago.

I think it's time we started moving on, because in the beef industry alone we've added certain costs that were not there two years ago. There are the SRMs and animal identification and age verification. Those are all costs for the common good, but they are being passed down to the farm gate. Again, the farm gate is paying for it. I think that has to stop.

Let's get real, let's be honest, and let's call it the way it is. Unless we make a serious commitment, we're not ready to deal with this, and we might as well say we'll close the books on agriculture in this country. I know that's an awful statement, and I never thought I'd have to make that statement, but I think it has to be made, because consumers are not our problem. Consumers want to buy Canadian product. While identification of that needs to be more clearly defined, we know that Canadian consumers have not been our adversaries. They have been on our side.

Let's get the job done. We find ways to do other things—war, all these things. We find money to buy heavy-lift equipment in the military, no questions asked, but food is very far down the list. I'm afraid that's not where our priorities should be.

I'm going to leave it up to you to respond. I don't think you can respond in the short time we have, but I want that on the record.

The Chair: There's a minute and a half left. You must have talked a lot.

Go ahead, Ms. Semaan.

Ms. Nada Semaan (Assistant Deputy Minister, Farm Financial Programs Branch, Department of Agriculture and Agri-Food): I can start with your question about CAIS or AgriStability. Probably part of your questions arise because when we are talking about what is going out to the industry in the short term in the form of payments through existing programs, for the 2006 year it is still under the CAIS program, but for the 2007 program year the AgriStability program kicks in. So because we're in the middle of two and we're doing, for example, 2007 interims, those are on the AgriStability program, whereas the 2006 final payments are on the CAIS program. They are both margin-based programs.

I'm not going to go over the entire consultation process, because you've heard that before, but we are working with producers in terms of how we would replace CAIS. A number of producers have said—and you heard today as well—that margin-based programming does work for them, so they were very reluctant to move away from the margin-based programming as part of the suite. However, there were a number of things they didn't like about it, things such as the inventory evaluation, P1 and P2, and negative margin. They even talked about some areas of structural change. Those are all being implemented in AgriStability, as well as a lot of administrative tools that they asked us to put into place so that we can keep responsiveness but still be able to deal with a more bankable, predictable program. So that is where the difference between AgriStability and CAIS is.

We are very committed to improving the speed at which we deliver. We're here to talk about the livestock sectors. We did put a priority on livestock payments for 2006 producers, especially in the hog sector. We also put out, as my colleague Krista told you, targeted advancements in a number of jurisdictions. As an example, while we talk about how much has gone out, as one example, the target advance payment represents about 60% of the final payment for 2007.

For hog producers in Manitoba, there are about 500 producers that were eligible for about \$51 million in Manitoba just in 60% of the advances. To date, 302 producers have actually taken over \$35 million on advance, and that's about an average of \$117,500 per producer. So that is what we're trying to do with an existing program.

If you'd like me to, I can speak about what we're doing in the future.

•(1030)

The Chair: Thank you. The time has expired.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance: After listening to the witnesses' testimony a few minutes ago, I was hoping to get another surprise visit from Minister Ritz. He dropped in on us unexpectedly for a few minutes before Christmas. Not that I am not happy to see you.

You heard the testimony presented, but no doubt you have also read the committee's unanimous report on the crisis in the livestock industry. This morning, during comments and questions, the Conservative members of this committee spoke at length about the looming crisis in the area of countervailing duty should the government opt to go with certain measures. I remind you that the report tabled by the committee was unanimous. Concerns of this nature had not been raised at the time. Even if they had been, the government members would still have signed the report. I would like to hear your views on the subject.

[*English*]

The Chair: Mr. Storseth.

Mr. Brian Storseth: A point of order.

It should be noted that this is not factually accurate. The Conservative member was asking the industry in regard to the industry's desire to have countervailing as the number one threat.

The Chair: I agree.

The floor is yours, Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: What exactly do you agree with?

[*English*]

The Chair: I agree with the point of order that Mr. Storseth raised. The question he raised was whether or not the countervail was the number one issue the industry faced. It wasn't that countervail was a concern because there's nothing in the report that was countervailing.

[*Translation*]

Mr. André Bellavance: Concerns about certain countervailing measures were raised this morning. No doubt you have familiarized yourself with the committee's report. In your opinion, do any or all of the six committee recommendations to provide aid to the beef and hog industries call for measures that would result in countervailing duty being levied against us in the course of our trade with other countries?

[*English*]

The Chair: Ms. Mountjoy.

Ms. Krista Mountjoy: Thank you for the question, Mr. Chair.

I think it's important to look at what could constitute a countervail measure. I think in that context, and in looking at the WTO agreement on subsidies and countervailing measures, one first has to ask the question as to whether implicit within that there is a subsidy that is realized that is providing a benefit to the sector. Then you ask the question as to whether the benefit is specific to elements or parts of the sector, whether it's limited in law or a generally available program that's limited in use, and there are various criteria that are used to determine whether or not the benefit is specific.

I should also mention that a third element could be the determination as to whether certain sectors are disproportionately benefiting from a particular program.

In general, these are the questions and criteria that are used by various countries and industries in determining whether or not a situation exists where a countervail measure or action could be taken.

• (1035)

[Translation]

Mr. André Bellavance: I appreciate having someone explain the meaning of countervailing duty to me, but I already know what it means, besides which, I do not have a lot of time.

Are you worried that a countervailing duty may be levied against Canada if one or more of the report's recommendations are implemented? In your opinion, is there one recommendation in particular that could get us into hot water internationally?

[English]

Ms. Krista Mountjoy: We're looking at the aspect of recommendation one that relates to cashflow in the form of interest-free loans and whether or not the provision of interest-free loans would constitute some interest with respect to possible countervail.

[Translation]

Mr. André Bellavance: I recall quite clearly that in committee and in the House, people laughed at me on several occasions—which doesn't bother me—when I talked about invoking Article 28. It was in conjunction with discussions about milk protein concentrate imports. People said that would potentially be catastrophic. I was roundly criticized at the time. So, it's funny to see the government ultimately decide to invoke this article.

Are you in fact worried, or do you feel certain that by bringing in measures of this nature, we run the risk of this happening? Despite the sword of Damocles hanging over our heads, the government decided to invoke Article 28 and I think it did the right thing.

[English]

The Chair: Does anybody want to tackle that? We have just a few seconds left.

Madam Mountjoy.

Ms. Krista Mountjoy: In response to your question, I would simply say at this point that we are continuing the work of looking at the recommendations in that context.

When you look at particular situations, these recommendations, others, you look at a continuum of risk, and determination really is critical as to where on that continuum of risk any particular action or approach or initiative or program may fall. We're at the point of working our way through that evaluation, and we'll be able to respond in more depth on that point to the committee.

The Chair: Thank you.

Moving right along, Mr. Storseth, you're on.

Mr. Brian Storseth: Thank you very much, Mr. Chair.

I have just a couple of questions for you in regard to the program itself and the rollout dates for when you expect to have the program totally rolled out—the billion dollars in the advance payment program. When will this be rolled out in its entirety?

Ms. Nada Semaan: The change to the advance payment program that allows a billion dollars more is actually in response to a recommendation that came in at the last standing committee, where producers were asking that it not be tied to the reference margin. Cattle producers, in particular, were saying that the reference margin was low; therefore, when it was based on reference margin or the lower of reference margin and the number of cattle, then it was low. What we did was introduce an enhancement for negative margins. So in essence, what happens is they can now get a loan for the equivalent of 50% of what their inventory is.

Now, on that introduction of negative margin, all of the amendments have gone out to all the lenders that provide support to the livestock. For cattle, for example, in B.C. it is now in place. They've already signed it back and agreed to it. It is in place in Alberta—I'm talking about cattle right now. In Saskatchewan it's also in place. In Manitoba it's in place.

Mr. Brian Storseth: One second. As you list these off, do you have the dates they were put in place on?

Ms. Nada Semaan: We worked with the industry. It was done at the end of December. We put them in in January. We put out the draft in January, so it would have been in the last month. This is a new change that was made to respond to the sector needs.

Mr. Brian Storseth: So the cow-calf producer in St. Paul has had access to this since January?

Ms. Nada Semaan: I would have to tell you the exact date, but it was at some point in January. It's January now, so it was at some point in this month.

Mr. Brian Storseth: But it's been done by now?

Ms. Nada Semaan: It is available right now.

Mr. Brian Storseth: Okay. Can you continue with your—

Ms. Nada Semaan: With the list? Sure.

In Ontario, negative margin is in place as well.

In Quebec, we don't have an agreement yet. Negative margin isn't as applicable because they have the ASRA as well.

In Nova Scotia, the amendment is actually with Nova Scotia Pork for signature right now.

In New Brunswick, we're looking at Nova Scotia Pork to administer in New Brunswick, and they have said they will start that on April 1, and they will sign the negative margin as well.

For P.E.I., the negative margin is in place.

For Newfoundland, we are in discussion with the Newfoundland Agriculture Federation. We are expecting agreement by April 1.

• (1040)

Mr. Brian Storseth: This is for both the hog and the pork sectors, right?

Ms. Nada Semaan: This is for the cattle. I have another line. If you'd like, I could also—

Mr. Brian Storseth: Can you give me the pork sector as well?

Ms. Nada Semaan: Sure.

Actually, I'll go right to Manitoba. In Manitoba, we actually have an agreement in place, and it includes negative margins.

I was just speaking to the Manitoba Pork Council yesterday as part of a CPC meeting, and they have agreed to deliver in Saskatchewan, Alberta, and B.C. They've actually signed the agreement, but they are now just waiting to sign the agreement with their lender organization, and that will include negative margin.

In Ontario, it's already in place, with negative margin.

Again, for Quebec, it's the same thing.

In Nova Scotia, it's in place with Nova Scotia Pork, and negative margin is in place.

New Brunswick Pork is delivering for New Brunswick, and the amendment is with them right now, but we haven't received it yet.

For the P.E.I. Federation of Agriculture, negative margin is in place.

And in Newfoundland, the amendment is with them for negative margin, so we are hoping that it will be placed shortly.

Mr. Brian Storseth: Can you describe for me some of the difficulties you've had—and you can be specific, if you want, regarding the Province of Alberta—putting this in place in Saskatchewan, Alberta, and B.C.? And do you have a date by which you expect them to be able to access this?

Ms. Nada Semaan: Well, as you know, the advance payment program is delivered by third-party producer organizations. We haven't been able to find somebody in those provinces to actually deliver it.

They do take on a slight portion of the risk. There's about a 1% portion of the risk that they take on. We've been very grateful to Manitoba Pork for agreeing to take on the administration of this in all the western provinces, and we have been working very closely with them.

Basically, it's new in the livestock industry. As you know, extending the advance payments program as a marketing tool for the livestock industry came in with the recent changes to the legislation. First of all, we have to go through the program, do the administration and the forms. In a lot of these sectors it is new. We've been working very hard, and they've been very open to it. They are very pleased with the program, but it's just to get it going.

Mr. Brian Storseth: Do you have a date by which you think this will be accessible in Alberta?

Ms. Nada Semaan: According to the person I spoke to in Manitoba Pork, in Alberta he is expecting to have the signature with the financial institution in the next two days. As soon as that happens, he can start delivering.

Mr. Brian Storseth: Do you foresee any unnecessary complications due to the fact that it's being administered out of Manitoba?

Ms. Nada Semaan: No. They know the sector very well. It will be available, but we will monitor. And we will continue to work with anybody who wants to deliver it locally. That's not an issue.

The Chair: Thank you, Mr. Storseth.

Mr. Atamanenko, you're on.

Mr. Alex Atamanenko: Thank you.

When we look at what we've heard today and what we've been hearing over the last while, clearly there is something wrong with the way we do things in Canada. We have a minister who is a farmer, who is committed, and who understands the plight of the industry. We have very highly qualified professionals, people who are second to none, in our civil service. We have farmers who are the best in the world. And yet, in answer to my colleague's question—and the answer wasn't clear, but I got the answer after—our producers feel that our government has abandoned them, and that word was used: “abandoned”.

You've heard our witnesses. We have a report that our friends in the industry said would keep our industry alive if implemented to the letter. Yet I understand that you mentioned this morning, or just now, that you're continuing to look at the recommendations.

Well, a month and a half has gone by since that report came out. We are told that tomorrow probably will be Black Friday—that's the phrase being used—and yet we are continuing to look at the recommendations. I don't understand why these recommendations have not been implemented. We have all the capacity. Everything seems to be in place to have a top-notch response in the cattle and pork industries with support from government, and yet we're not getting it.

I'd like, maybe, each one of you to comment on this, because that's the question that's been going through my mind as I hear the testimony today.

• (1045)

Mr. Andrew Marsland (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): Perhaps I can begin, and others can supplement my answer.

I think what we've heard today, and what we've heard in our discussions with the industry over the past couple of months, is that this is almost an unprecedented situation. The confluence of events—the appreciation of the dollar, the inflation of feed prices, the point in the hog cycle we are in, and as we've seen over the last three to four cycles, there is much more volatility in the cycle—has led to an unprecedented situation.

I think our response in working with industry, first of all, has been to look at existing programs that are in place and were put in place to deal with cyclical problems and prices, among other things, and to make sure that the money gets out as quickly as possible. We can share with you the details of how we've done that.

We looked at existing programs, such as the APP, and at what was preventing money getting out in terms of the negative margins, and we addressed that. We continue to look at areas such as the 2008 targeted advance payments to try to get it out. There are other longer-term issues, which some of the witnesses this morning referred to, that we're also looking at in terms of longer-term competitiveness. We continue to meet with the industry to look at other appropriate responses. I think there is a lot of action going on.

I also believe, looking at the issue, that's it's not susceptible to simple answers, and I think the committee is quite aware of that.

I don't know if anyone wants to add anything else.

Ms. Nada Semaan: I would just add that one of your recommendations was also that we get agreement very quickly with the provinces so that we can accelerate the \$600 million Kickstart program. Actually, we got our last agreement signed from the province on December 19. We had letters by the end of December to all producers, telling them exactly what they were eligible for out of that \$600 million.

We've been receiving quite a bit of feedback in terms of whether they want to keep it or not, because they have a right to either keep it in their account or take it out immediately to deal with anything. As of today, for those who would like the money, cheques will be starting to issue on that \$600 million. So we have acted on that recommendation as well.

I would just pick up a bit on Andrew's comments about the targeted advance. I mentioned the 2007 targeted advance and the priority of the 2006 final payments and putting the priority on hogs and cattle. We've also been encouraging the interim payments, especially for the cattle industry, because that works better than the net targeted advance, but the targeted advance works well for the hog industry.

I just came back from Winnipeg—I can't even remember now—yesterday or the day before. We literally sat down and asked, “How can we accelerate the 2008 targeted advance?”, which was a key concern for the hog sector because of their non-calendar year-ends. Some of them are already into their 2008 year.

So we are now going to start working with the provinces to get agreement to accelerate the 2008. We're hoping for a 2008 targeted advance. We can be in position to start those by mid-February to the end of February at the latest—but we're targeting mid-February—with the agreement of the provinces. For non-calendar year-ends, we could put out quite a bit. Even for those within calendar year-ends, as long as there's that six-month cycle, we could put out a good 25% to 30% of the payment.

We also put a priority on getting out all the hog and grain BPUs that are associated with hog farms so that we can finalize the 2007 final payments, so that as producers start to apply now for the 2007 final payment, we can process those very quickly. That'll be anywhere from between three to four months faster than we've ever been able to deliver because it's related to the tax year. We have been seized with it in terms of how quickly we could deliver on the programs that exist.

As our colleagues from the Pork Council have said, they have seen some of it. There are still at least three others that we need to work on.

Thank you.

•(1050)

The Chair: Thank you. Your time has expired, Mr. Atamanenko.

Mr. Easter, you have the floor.

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

Ms. Mountjoy, your remarks in the beginning are basically just the same as the minister's, and any ordinary Canadian who's reading those remarks would get the feeling that some good things are

happening. But the reality on the ground is far different. This is Ottawa. This is big numbers. But the reality on the ground is far, far different.

I have never seen anything like this, and I've been in the farm movement since 1971. I have never seen so many people in tears, even during the interest rates of the 1980s. Families going under—I can tell you that 13 hog farmers within a five-mile circle near my home have gone out of business. Eight hundred sow operators went broke before Christmas, the third most efficient producer on Prince Edward Island.

Ms. Semaan, you said the cheques for the \$600 million are going out. That's true, I agree with you, they are. However, on another program, as was said earlier, they've been clawed back. And the money that's coming from the Government of Canada right now—well intentioned, no question about it—is really in effect going to pay off Government of Canada debt, debts that are owed to the Government of Canada under other programs, to pay suppliers, to give greater liquidity and security to banks and other lenders, but not looking after the security and the liquidity of farmers themselves. That's the problem we've got.

So let me put it to you this way. You heard the remarks from the industry. They're saying to you that there are very few bankable results—that's true—that it was a cruel joke to many of our producers, and that is absolutely true too. That was not the intention, I know, but that's the reality. Let me put it this way. If the political will is there on the government side and there is the bureaucratic will—and I know what you had to go through, the Department of Finance, Treasury Board, PMO, and all that stuff—is it possible? If it requires legislation, I can tell you this; we're willing to pass legislation in a day if it's going to mean a difference to keeping more farmers on the land.

Can you decouple the APP and the CAIS program so that the pork industry has a choice? Can you do that? Can you be ready to do that within a week? Can you pay out the \$100 and the \$150 as a loan requested by the CCA? Can that money be put in place and be ready to go out in a week? And what would it take to implement the loan proposal by the Canadian Pork Council so that they could come in behind the banks, so that we have the opportunity for these guys to stay in the industry?

Yes, there's going to be rationalization and restructuring, we realize that, and that's a problem. But we need to maintain these industries. As was said, this is rural Canada at its best and right now at its worst, and we need to keep it.

Can those things be done if the political will is there? I think you'll find all opposition parties would be willing to work 24 hours a day to get this done, to have it in place by a week Friday. Now is that possible? Is the political will and the bureaucratic will there?

The Chair: Who wants to tackle that?

I would just add that when you're talking about the loan guarantees that have been assigned to the bank, or after the bank... it's not just pork; you're talking about cattle as well.

Hon. Wayne Easter: Yes.

Mr. Andrew Marsland: The question really goes to a decision about whether legislation could be changed, and that's not really one as an official that it's appropriate for me to answer. Those decisions are, of course, decisions for ministers.

I think the early witnesses identified a number of legislative provisions in the AMP Act, which they would like to see changed, and I think the decision of whether or not those should be changed is a decision for ministers, as you appreciate, and not one that's—

Hon. Wayne Easter: I understand that, Andrew, and I don't want to interrupt you, but I can tell you this; if that's what's necessary—and I understand you've been in discussions with the industry at the bureaucratic level—the minister is willing to put forward those amendments in an emergency bill on Monday or Tuesday. We're willing to have a very serious look at it and see how quickly we can get it through. Around this town, if they want to get something through in a day, they actually can.

Mr. Andrew Marsland: Again, I think, with respect, it's a hypothetical question of going toward policy and not one that I'm in a position to really answer.

• (1055)

The Chair: You've got about ten seconds.

Hon. Wayne Easter: That will do for now, and I guess, Lloyd, ten seconds isn't enough for you, is it?

Mr. Lloyd St. Amand: I'll try to make it enough, and I know Mr. Chair will be fair.

I'm just trying to put myself in the place of one of the hog producers who is facing Black Friday. I have no doubt that what Mr. Moffett and Mr. Schlegel presented to us this morning is actually going on, on the ground: inability to meet payroll, farm operation teetering. Beyond consulting with the provincial counterparts, etc., what optimistic message, if any, could be provided to those producers who want to know whether they can stay in business or not?

Ms. Nada Semaan: Actually, in terms of some of the comments I just made, a targeted advance for 2008 will be available to those producers within a few weeks, and that is where Canada delivers. Where it doesn't, there are interims. For example, Ontario is looking at delivering interims for 2008 immediately as well.

Regarding 2007, we've actually created a unit and a manager right at the hip of the director of all processing, whose is in charge of nothing but ensuring that hog files are going through. We were talking yesterday with the Pork Council about creating an ombudsman-like person who actually knows the files, whom they can call in one place and be helped on a personalized basis, again where Canada delivers.

I can't talk about the individual, but what we are trying to do is provide individual service to that person, so they can come in. We do understand the financial needs and that is why we are doing whatever we can within program parameters, within the capacity. We are working to accelerate the payments as quickly as possible, and we have been doing so.

The Chair: Thank you.

We are going to adjourn right at 11 o'clock sharp, because there's another committee after this.

Mrs. Skelton.

Hon. Carol Skelton: I just want to go back to the TAP program and the problems we had in the province of Saskatchewan. Can you explain the year-end problem that you had with some of our hog producers?

Ms. Nada Semaan: First of all, on behalf of the department, and especially myself, I do sincerely apologize for that. It was an innocent error; however, it couldn't have happened at a worse time and it couldn't have happened to a sector that was hurting more.

As you know, there was a Saskatchewan election going on. A lot of the other provinces had requested TAPs, and we had to wait until there was a government in place before they could ask for a TAP. In an effort to hurry up the TAP payments for that province, they used a computer program to try to accelerate the payment. There was, unfortunately, an error in the calculation. We were trying to do the Olympic average rather than the structural change with the Olympic average. We added rather than doing the division of the best of, so that obviously showed that a lot of people were going to get a lot more.

It was not a payment that went out. The letter to producers went out on January 14. The error was detected on January 15. A subsequent letter was mailed out on the 17th, and all producers who saw a very significant decline or zero payment, as well as producers who were significant and zero, about 34 producers, were contacted personally by administration to tell them. Most producers hadn't even received the letter, so they now knew there was a letter coming and another letter following it.

I went yesterday to the Canadian Pork Council to personally apologize, and I've spoken with Saskatchewan Pork to see how we can work with them and how we can case manage and correct anything we can.

Hon. Carol Skelton: I want to know how many provinces, to be exact, haven't signed on to all these farm programs. How many are you still negotiating with?

Ms. Nada Semaan: Actually, all the provinces have now agreed to the new business risk management suite. That was the December 19 date I was referring to. So once we had the amending formula and enough to do, now we are in the process of implementing it all. The hog industry started with the big TAPs.

Hon. Carol Skelton: But you're still negotiating? Some provinces aren't introducing programs?

Ms. Nada Semaan: I'm sorry, yes, targeted advance requires both the agreement of the province and the federal government, because there is always a risk, because you're doing it on future payments. For example, British Columbia prefers to do an interim advance. Ontario prefers to do an interim rather than a targeted advance. Quebec doesn't require the targeted advance per se; it does it within the ASRA program and the CAIS. So it's not a one-size-fits-all solution; it's just another tool that allows us to help.

• (1100)

Hon. Carol Skelton: Okay, thank you.

The Chair: Thank you. Time has expired. I appreciate all the witnesses coming in.

Just for the committee's notes, we circulated the schedule that we set up for the first couple of months here. There have been a couple of minor changes. The March 18 meeting will actually be March 31 because March 18 is the break week, and those last two meetings on the 13th and the 31st aren't studies. They're just going to be meetings with the bee industry, followed by a meeting with the tobacco industry. It's not a formal study; it's just to hear the witnesses and get an update on what's happening.

Mr. Paul Steckle: I think you also raised the question in that meeting a couple of days ago of having the new president of the Wheat Board—

The Chair: That will happen once the order in council has been done. We haven't received it at committee yet.

I know the appointment was announced yesterday. Once it is in the *Gazette*, the committee can look at calling in Mr. White and we can move forward from there.

I thank everyone for coming in today on very short notice for this very important meeting.

The meeting is adjourned.

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