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—
Chair

Mr. James Bezan

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• (0905)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order.

We're going to change the agenda a little bit and deal with Mr. Easter's motion first.

Mr. Storseth, I understand you're going to hold onto your motion for a couple of meetings yet.

Mr. Easter, perhaps you could move your motion onto the floor.

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

The motion is pretty straightforward; there's not a lot to elaborate on. It reads that the committee call, on an urgent basis and prior to March 13, 2008, Mr. Elwin Hermanson, the chief commissioner of the Canadian Grain Commission.

Calling him prior to March 13 may not be possible now, but we need to have him here very, very soon. We have the right to do this; we need to question Mr. Hermanson. I'll tell you up front that we'll be questioning him on an article that appeared in the press, in which he was advocating about areas he really shouldn't have been advocating about as chief commissioner. He swore an oath, I expect, to uphold the Canada Grain Act, and he's talking against it. So I move that we call him before the committee.

The Chair: We have a motion on the floor. Is there any discussion?

(Motion agreed to)

The Chair: We're going back to our first order of business, which is a continuation of our study on Bill C-33.

We welcome to the table, from the Canadian Renewable Fuels Association, Gordon Quaiattini; from Biox Corporation, Tim Haig, who's going to be presenting with Gordon; from Grain Growers of Canada, Richard Phillips, who is no stranger here; joined by Brian Chorney from the Canadian Canola Growers Association; and from the CFA, we have Bob Friesen, the president; and from the National Farmers Union, Ken Sigurdson.

Welcome, all of you.

I would just remind everyone to keep their opening comments to 10 minutes, and then we will have a lot of time for discussion afterwards.

With that, Gordon, perhaps you can kick us off.

Mr. Gordon Quaiattini (President, Canadian Renewable Fuels Association): Thank you, Mr. Chairman and members of the committee, for giving us the opportunity to appear before you this morning.

I'm pleased to be joined by Tim Haig, the chief executive officer of Biox Corporation, Canada's largest biodiesel producer. Mr. Haig also serves as the Canadian Renewable Fuels Association chair. I am also joined by Bliss Baker, vice-president of corporate affairs for GreenField Ethanol, Canada's largest ethanol producer.

As president of the Canadian Renewable Fuels Association, it is a great pleasure to come to speak with you about Bill C-33, legislation that will help diversify Canada's fuel supply, reduce greenhouse gas emissions, and revitalize rural economies. Coupled with the \$1.5 billion ecoENERGY for Biofuels initiative and the \$500 million NextGen Biofuels Fund, Canada is about to emerge as a major biofuels producer. In short, this new legislation will allow Canada to grow beyond oil, with a vibrant, new, homegrown ethanol and biodiesel industry.

Energy and the environment are the defining issues of our time. Together they are driving massive change in consumer behaviour, commercial expansion, and public policy. At the same time, the emergence of the bio-economy is no longer pure speculation; it's a reality.

For renewable fuels—biodiesel and ethanol in particular—all this adds up to increased demand, greater opportunity, and steady expansion. Let's be clear that biofuels is no fad or passing fancy. It is certainly an industry that is here today—and it is the future.

Biofuels is also the biggest change to take hold of agriculture in at least a generation, and over the next generation it will also emerge as the biggest change to take hold in our energy sector. In fact, I think it is becoming more and more clear that the bio-revolution taking place today will prove to be every bit as fundamental and far-reaching as the information revolution that began in the 1980s.

The opportunity, therefore, is to gain entry to this sector now, as the benefits of its upside potential are just beginning to take full shape. Ethanol and biodiesel stand at the meeting place between the two most powerful trends that play in our world today. I am speaking of the permanent rise in expensive oil and the global effort to combat the effects of climate change. These two trends not only define the here and now, they are set to shape the way of the world for the next two decades at least, resulting in far-reaching changes to energy use, industrial growth, and consumer activity.

As we speak, oil has already broken \$100 per barrel once and will do so again. Oil companies are recording the largest corporate profits of any industry in history. This reality is unshakable and unchallenged. Cheap oil is gone for good. Contrast that fact with another recent report from the International Energy Agency that tells us global energy demands are set to rise by at least 50% by 2030. All of this is on top of the fact that there is limited and very expensive remaining oil coming from ever-increasing, non-democratic, and unstable regions of the globe. Dr. Kent Moors, executive managing partner of Risk Management Associates, International, a leading expert in world energy, estimates that there are about three decades left of a sustainable, conventional, crude oil-based market system. Oil will be prohibitively expensive in the future.

The ranks of the emerging middle class in China, India, and Brazil, combined with the stark failure to discipline consumption in developed nations like our own, render the challenge clear. An expensive gap exists between what we need and what we have, between demand and supply. It is within that gap that ethanol and biodiesel and next-generation renewable fuels find their place. In a future where demand will exceed supply, biofuels are both necessary and financially viable.

Here in Canada we have come to realize that the time for action is now. As you know, Bill C-33 will make the necessary changes in law to ensure that the federal government meets its goal of an average renewable content of 5% ethanol and 2% biodiesel in Canada's gasoline and diesel pools. These regulations guarantee a future market of three billion litres of biofuels in Canada.

The reality is that energy policy is going to increase the emphasis placed on ethanol, cellulosic ethanol, biodiesel, and future generations of biofuels here in Canada and in the United States. It is important to note that car makers are also taking up the challenge. All major car companies already warranty up to E10, or 10% ethanol. There are already six million cars and trucks in North America that can use E85, or up to 85% ethanol. Last week General Motors announced another major boost for ethanol, with a new plan to make half of their new vehicles 85% by 2012. That is just four years away.

● (0910)

Biodiesel in Canada is equally promising. This winter over 60 trucks are being put to the ultimate cold weather test by Climate Change Central, an Alberta government public-private non-profit organization in which the Canadian Renewable Fuels Association is involved, focusing on greenhouse gas reductions and new environmental technologies. The demonstration, which is taking place in the Alberta winter cold, is providing hands-on cold weather experience for fuel blenders, distributors, long-haul trucking fleets, and drivers. Most manufacturers already warranty up to B20, or 20% biodiesel.

Of course, these developments are not driven only by peak oil but also by concerns related to security of supply. In the United States, the President never fails to give a speech on energy that doesn't highlight the fact that 60% of U.S. oil comes from foreign sources, including over three million barrels per day from Saudi Arabia and Venezuela. Even Canada, an oil-exporting nation, imports about half of the crude oil we use for transportation.

The second defining trend of our time is climate change, a challenge that also highlights the valuable benefits of biofuels. Crude oil is not only expensive and in increasingly short supply; it is a major source of greenhouse gases. By way of contrast, biodiesel and ethanol are truly clean sources of energy that avoid the release of carbon and other pollutants.

As governments struggle with measures to lower our collective addiction to carbon, there are few better or more practical options than the adoption of biofuels. According to Natural Resources Canada, in addition to other sources in government and academia, corn-based ethanol could reduce per-litre GHGs by as much as 40% to 60%. Biodiesel GHG emission reductions are 70% to 95%, depending on the feed stock.

We are a clean way to power your automobiles, trucks, tractors, heavy equipment, and marine vessels. Your automobile specifically is a critical battleground in the fight to combat climate change. Adherence to a 5% renewable fuel standard for ethanol and a 2% renewable fuel standard for biodiesel amounts to the equivalent of 4.2 megatonnes of GHG reduction, or the removal of one million cars from our national highways each and every year.

Of critical importance to you as members of the Standing Committee on Agriculture and Agri-Food, biofuels will revitalize farms and rural communities across the country, from those of wheat and canola farmers in the west to those of corn and soya farmers in the east. New world-class biofuel facilities will be built, generating over \$1.5 billion in new investment and resulting in 14,000 construction and related jobs in rural communities across this country. Once built, this industry will generate 10,000 direct and indirect jobs and generate \$600 million in annual economic activity in Canada.

Bill C-33 will provide a new market for over 200 million bushels of Canadian grains and oilseeds. Put in a global perspective, Bill C-33 will position Canada in a global transition to biofuels that includes our major competitors in the United States, Brazil, and the European Union. Bill C-33 will help us compete on a level playing field and ensure we enjoy the strong economic benefits of this new area of dramatic growth.

Members of the committee, the work you are undertaking is very timely. Biofuels enjoy broad multi-party support, and it is our hope that legislators in the House of Commons and the Senate will move swiftly to pass Bill C-33. Let me emphasize, quick passage will ensure the continued growth of a domestic industry and allow for the introduction of biofuels into the Canadian fuel supply in a timely manner.

Thank you for your time and your efforts. Thank you for creating the conditions to allow us to grow beyond oil, to reduce greenhouse gases, and to revitalize rural economies across Canada.

The Chair: Thank you.

Mr. Sigurdson.

•(0915)

Mr. Kenneth Sigurdson (Researcher, National Farmers Union): Thank you very much. We appreciate the opportunity to present the views of the National Farmers Union relating to ethanol and biofuels.

We say ethanol and biofuels are a costly misadventure and probably the most misguided public policy introduced in Canada today. Ethanol is a feel-good industry that achieves no public policy objectives.

In regard to the grain and ethanol energy balance, ethanol manufacturing is very energy intensive, using large amounts of fossil fuel to grow a crop, and then transporting and distilling it into ethanol. Three distillations are required to remove the water and produce ethanol. Many world-renowned scientists have confirmed that more fossil fuel energy is required in the ethanol production cycle than the ethanol provides.

Dr. David Pimentel, one of the early opposers of ethanol in the United States, concludes that 71% more energy is required to produce a gallon of ethanol than the energy that is contained in one gallon of ethanol.

Dr. Tad Patzek, at the University of California at Berkeley, on June 4, 2003, released a comprehensive corn ethanol report. Dr. Patzek states:

It is shown here that one burns 1 gallon of gasoline equivalent...[from] ethanol from corn. Then this ethanol is burned as a gasoline additive or fuel. Burning the same amount of fuel twice to drive a car once is equivalent to halving the fuel efficiency of those cars...

Dr. Mark Delucchi, of the University of California at Davis, was the creator of the Greek model. He did work that is some 1,000 pages, using his life-cycle emissions model. On release of his report in January 2004, Delucchi stated that the most significant changes regarding CO₂ equivalency factors and lifestyle materials and biofuels indicates that soy- and corn-based fuels look worse than gasoline and diesel fuel.

Dr. Burton Vaughan, of Washington State University, researched Brazil's ethanol manufacturing from sugar cane, and he describes the pollution caused by burning the leaves off the cane and then washing the char off the cane. He stated in a visit to one of the distilleries, "I observed about 3,900 litres of water being used per ton of sugar cane". The drain on rivers coincides with the dry season, contributing to water shortages and damaging river life. The researchers concluded that large-scale farming of sugar cane and corn for ethanol is damaging the planet.

There are a number of reports indicating that: for example, Dr. Paul Weiss; the U.S. Government Accountability Office; or the U.S. Department of Energy.

In the Library of Parliament report in February 2007, Frédéric Forge of the Library of Parliament's parliamentary information and research service, science and technology division, stated:

Canada would have to use 36% of its farmland to produce enough biofuels to replace 10% of the fuel currently used for transportation.

...if 10% of the fuel used were corn-based ethanol...Canada's GHG emissions would drop by approximately 1%.

So it's really insignificant to the total fuel supply.

There are a number of reports out indicating that there are tremendous gains from ethanol. They're generally done by the USDA, by Shapouri and Wang, and by the Argonne Institute. But these reports are in-house documents mainly done for the USDA and are not peer-reviewed, and they're not scientific documents. These reports often minimize or leave out the energy required for farm equipment, its repair and maintenance, waste water treatment, and irrigation water.

The promoters of ethanol and biodiesel in Canada are mainly the big agribusiness corporations in this country, such as ADM, Agricore United, Bunge, and Cargill, and federal and provincial governments.

The Manitoba government, for example, and the federal government often use an ethanol report that was done by S&T Squared Consultants, out of Delta, British Columbia. The S&T report omits or underestimates many of the inputs required to produce a bushel of wheat. They state that it takes 48 pounds of nitrogen, while Manitoba Agriculture is saying 70 pounds for an acre of wheat. They're saying 12 litres of diesel fuel; Manitoba Agriculture says 22 litres of diesel fuel. For agriculture chemicals, the S&T report would almost have farmers at an organic level of \$4.50 of ag chemicals, while Manitoba Agriculture is saying it takes about \$32.

•(0920)

Energy to haul the farm input 600 miles is omitted in this study. Energy required for waste water treatment and pollution control is omitted. Seed costs are omitted, and the big one always is the energy required to manufacture and maintain farm equipment. This can add up to 36,000 BTUs of energy.

Dr. Vaclav Smil, from the University of Manitoba, in a presentation to the Frontier Centre, described the problem of wheat ethanol such as low wheat yields, high water requirements, and growing wheat in the prairies, much of which is a semi-desert. Smil states, "One would simply have to be dumb to attempt to do something like this. This is a criminal public policy." He was talking about wheat-based ethanol.

The Manitoba government and federal government currently have an energy equivalent subsidy of 45¢ a litre. Ethanol only has 66% of the energy of gasoline. If ethanol plants actually created energy, ethanol plants would use ethanol, not natural gas, as an energy source. If ethanol plants were as modern and efficient as they claim, why are there the massive subsidies? The modern and efficient API plant at Red Deer, Alberta, went into receivership. This was prior to the subsidy age.

The cost of jobs. With a subsidy of 30¢ a litre in ethanol manufacturing, the subsidy for a job will range from \$680,000 to \$1.2 million per job per year. The Husky plant at Minnedosa created an additional 11 new jobs. Each one of these jobs costs \$3.3 million per job per year. An ethanol plant provides little economic activity, as some would argue. That is, grain comes in and distillers' dried grain and ethanol are hauled out.

Two reports in Manitoba by the agricultural economists, Kraft and Rude, point out that Manitoba does not have surplus feed grain for ethanol manufacturing. They state that the likely raw ingredient for Manitoba ethanol plants will be subsidized U.S. corn. Dr. Ed Tyrchniewicz and Heather Gregory, in a report for the pork value chain prepared for Agri-Food Canada, state that "the likely source of feedstock for Manitoba's ethanol sector would be U.S. corn".

East of the Manitoba-Saskatchewan border, Canada is a net importer of corn, 60 million to 100 million bushels annually. So any additional feedgrains requirement will result in more corn imports from the U.S. for ethanol manufacturing. This really makes a dumb idea even dumber. Ethanol plants are subsidized food burners.

In Canada, more Canadian children live in poverty now than 10 years ago. Twenty-five percent of Manitoba children live in poverty. Why create the illusion that we can produce energy for someone to burn in an SUV?

Biofuels. Lester Brown, president of Earth Policy Institute, warns of the coming epic competition between 800 million people with automobiles and 2 billion of the poorest people and predicts that shortages and high food prices will lead to starvation and urban riots. "I don't think the world is ready for this", he says.

Pollution from ethanol production. Volatile organic compounds are emitted as the distillers' dried grain is dried down. VOCs emitted are carcinogens, formaldehyde, and acetic acid, which are hazardous air pollutants. ADM, the largest ethanol producer in the United States, reached a \$340 million agreement with the Environmental Protection Agency to install pollution control equipment at its ethanol plants. The EPA also fined ADM for violations of the Clean Air Act.

Thermal oxidizers reduce VOCs. They're expensive to operate and, again, they take energy. The fermentation process releases large amounts of CO₂, which contributes to global warming. Some ethanol plants use coal as a fuel source. Ethanol plants use large amounts of fresh water and produce large amounts of nutrient-rich waste water with a high BOD level. Waste water treatment is costly and requires energy.

● (0925)

As for gasohol versus the environment...

Okay, I'm not going to be able to finish. I'll just read a little bit more.

Greg Rideout, head of Environment Canada's toxic emissions research, says, as do others, that, "Looking at tailpipe emissions, from a greenhouse gas perspective, there really isn't much difference between ethanol and gasoline."

We've had a number of failed farmer initiatives—elk, buffalo, PMU, hogs, cattle—and ethanol will be another one of them. Ethanol from straw and wood waste simply does not work. The technology is not there. We should not be removing waste material from our fields. The value of that is \$20 to \$40 an acre.

As for biodiesel, it takes about 250,000 to 300,000 BTUs of energy input to grow a bushel of canola. That same bushel of canola gives about 400,000 BTUs of energy. This leave about 100,000 BTUs to process and transport.

Biodiesel at best is—

The Chair: Mr. Sigurdson, you're well over. We'll have plenty of time for discussion after, and you can expand on your position at that time.

Mr. Kenneth Sigurdson: Okay.

The Chair: Mr. Chorney, you're up.

Mr. Brian Chorney (Vice-President, Canadian Canola Growers Association): Thank you.

Good morning. My name is Brian Chorney. I'm vice-president of the Canadian Canola Growers Association and I'm a farmer from East Selkirk, Manitoba. I am here today as a member of the Grain Growers of Canada.

We support Bill C-33, and I would like to focus on the biodiesel aspect of renewable fuels and why we need Bill C-33.

This legislation will provide provisions for the regulation and renewable content in diesel fuel, and it is required to create the market for biodiesel. Biodiesel is good for the environment, good for investment opportunities, good for rural development, good for value-added and the diversification of markets. This legislation, in conjunction with other government programs, will allow primary producers the opportunity, if they so desire, to become involved in a value-added opportunity.

Canola will be a key feedstock for producing biodiesel. Canola-based biodiesel has excellent cold flow properties due to canola oil having the lowest saturated fat content of any other feedstock—which is an important consideration given the cold weather Canadian climate. It exhibits good oxidative stability and a very positive energy balance, and it can meet both the U.S. and EU quality standards.

I don't have a copy with me, but Don O'Connor did a good job of reviewing energy balances at the CRFA convention in Quebec city in December, and I would like to refer the committee to his presentation. There are many energy balance studies out there, all of which are very positive for biodiesel, but that will give you a very good background on energy balance calculations.

I could go on and on about the benefits of canola-based biodiesel, but I want to express two key points in my presentation to you today: one, we want a renewable fuel standard for diesel fuels set at 2% by 2010, increasing to 5% by 2015; and two, farmers in Canada will be able to supply the feedstock necessary.

The first one is self-explanatory, so I will expand a bit on how we plan to have canola meet the new demand for biodiesel. A 2% inclusion will require about 1 million tonnes of canola and a 5% inclusion will require about 2 million tonnes to 2.5 million tonnes of canola.

Can we do it? The answer is yes, we can.

We have historically had a canola carry-out of anywhere from 1 million tonnes to 3 million tonnes, so a substantial amount could be covered by our excess production. However, we know that we can't run an industry on a zero carry-out, so in addition, we foresee advances in technology increasing canola supply, particularly the higher-yielding varieties.

We are just in the process of using hybrid seed varieties, and the genetic potential is enormous. Yields per acre are increasing substantially, and canola production will continue to grow as farmers switch to the new hybrids. In addition to higher yields per acre, we see a potential for increased acreages of canola, as drought-tolerant varieties could significantly expand the growing region in Canada.

Finally, we see agronomic improvements in planting and harvesting technologies, which can have a tremendous impact on yield and quality—i.e., oil content. Pod shatter-resistant varieties will also increase harvested yields.

Our canola industry has set a target of 15 million tonnes of production for 2015. We are confident that we can achieve that. As part of this strategy for production, we are relying on the Canadian biodiesel market to create new demand for our seed. The potential is there. We need to seize the opportunity and make it happen now. To do that, we need Bill C-33 enacted and the renewable diesel fuel standards—at 2% for 2010 and 5% for 2015—put in place.

Thank you for the opportunity to appear before the standing committee today.

• (0930)

The Chair: Mr. Phillips.

Mr. Richard Phillips (Executive Director, Grain Growers of Canada): Thank you.

He touched on the biodiesel part from the Grain Growers; I'll just touch on some ethanol thoughts.

I have five brief reasons why we are happy to see an ethanol industry develop and why we would support Bill C-33.

Number one—and I'm speaking more from a western Canadian perspective—it reduces our dependency on foreign grain markets; in western Canada we're heavily dependent on exporting, and when you're exporting your grain offshore, you're vulnerable to tariff, non-tariff barriers, currency fluctuations, labour disputes, and ocean freight rates. The more grain we process locally, the more we avoid those issues.

Secondly, it reduces our dependence on shipping grain by rail. I've been before the committee before and I've talked about Bill C-8 and the need to get some shippers' provisions in dealing with the railways. In western Canada, the two main railways haul about 65% of the grain we produce, so anything we can ship to local production

and local value adding will reduce our dependency on those railways. We hope you have followed up with your Senate compatriots and encouraged them to put Bill C-8 through quickly.

Thirdly, it provides us with another local option for marketing our grain beyond some of the feedlots and the other smaller value-adding processors that we do have out there. As we've seen in the corn, canola, oat, and pulse sectors, there's nothing like local buyers of grain to support local prices. From our perspective as producers, the more competition for our grain, the better.

Fourthly, it creates jobs and economic activity in rural areas. It's not just the truckers hauling in the grain, but it's the electricians who have to service the plants and the plumbers who provide the water. There's a lot of work and a lot of services needed to keep an ethanol plant running. That all spins off into other jobs in the communities as well.

On the environmental aspect, even leaving aside the arguments of some of the studies, the fact that we're not using fuel to haul our freight all the way to port to get to overseas markets—we're just taking it down the road to a local ethanol plant—that alone is a huge environmental savings, in my mind.

What are the challenges that we see? Number one, keeping producer ownership where there's a strong interest in investing. My father and I have put a fair amount of money into our local ethanol plant. It's a challenge because there are people coming in. Some day if we're successful there will be a takeover bid, I'm sure. So whatever structures can be put in place to encourage and enhance local producer ownership in the plants, we think, is critical to the long-term success in western Canada.

On keeping our livestock sector strong, I know there are some challenges out there with the feed prices right now. Whatever we can do, beyond even the dry distillers grain that is going to come out of these ethanol plants, the livestock sector is an important market for our feed grains.

I have three or four quick suggestions. We think if the committee is looking at what they could do in addition to Bill C-33, there is research into the feedability of these dry distiller grains to the beef, and especially into the monogastrics like hogs—what are the maximum rations we could use? There is also research into the component parts of wheat and corn that could be removed even before the ethanol process, like the germ. Besides the DDGs, there are many other enzymes and products in kernels of corn that could be used for other purposes. Lastly, there's research into wheat and corn varieties that are best suited to ethanol production. Let's do what we can to improve upon the formula of one unit of energy in and 1.4 units out in ethanol. Those are a couple of suggestions.

I look forward to the questions. Thank you.

The Chair: Thank you, Mr. Phillips.

Mr. Friesen, the floor is yours.

Mr. Bob Friesen (President, Canadian Federation of Agriculture): Thank you very much, Mr. Chair.

Let me begin by saying that I agree with everything Mr. Chorney and Mr. Phillips have just said with regard to biofuels, and I certainly will try not to be repetitive.

Suffice it to say that we applaud in principle almost any regulation and/or legislation that helps, first of all, environmental sustainability and at the same time creates a revenue stream for farmers or helps farmers reduce their costs. When we talk about that, we can include almost any form of bio-energy; we can talk about wind power or solar power.

I was talking recently to a fruit grower in B.C. who is going to be powering his entire fruit operation, his irrigation system, his cooling shed, his house, everything, with solar power. We think that's an excellent form of bio-energy as well. Whether it's biodigesters, whether it's creating a revenue stream from carbon credits, or whether it's using waste material to generate biofuels—I know Quebec has done some research on using SRM, and I was recently talking to a cattle producer from Saskatchewan who was concerned about the high cost of disposing of SRM—or whether we use switchgrass that has been grown on buffer zones, which of course, as you know, is another very important environmental initiative, we can create a real integrated policy in the whole approach to environmental sustainability.

Specifically to Bill C-33, for us to support this bill is a no-brainer. We think it's an important step toward facilitating the whole biofuel initiative that we think has a lot of potential for the farm gate and for additional industry in Canada. In fact, if you look at how close we are to the U.S., and if you look at the list of countries where the U.S. is currently importing ethanol from, Canada isn't even on that list. So we have the potential, first of all, to fill our own market requirements and then to possibly export it as well.

People have said this bill is merely administrative. Whether it's administrative or whether it's more, again, we think it embodies the whole initiative of creating a revenue stream for farmers and at the same time doing something important for the environment. That contribution to the environment, while it creates a revenue stream for farmers, also creates a very important crosswalk between the Canadian public and the farm gate in that the public sees that farmers are making an important contribution, and it's a win-win-win for everybody.

I've already talked about the revenue stream, and I also mentioned the fact that we can use waste products in many cases. Has the science gone far enough? No. We believe we can continue to pursue science and make the industry even better and even more efficient. We also believe it contributes to rural development, especially if we make sure we create a lot of sites across Canada that produce either biofuel or ethanol. We think it contributes greatly to rural development.

On the revenue stream, it's very important that we develop very competitive policy with the U.S. As everybody around this table knows, Brazil is way ahead of us on this, the U.S. is far ahead of us on this, and we need to make sure we develop competitive policy within Bill C-33. It's an administrative bill to facilitate this initiative,

but make sure we develop further competitive policy around it. If we're going to create a demand in Canada, let's make sure we produce the biofuel, let's make sure we produce the feedstock, and let's also make sure we create opportunities for farmers to be involved at the manufacturing level.

The reason why this is very important is because we all know the U.S. biofuel industry was built on the backs of some very high subsidies, and we know their industry currently is very strong as a result of it. We know, in talking to farmers who were involved at the manufacturing level as well, that they were able to pay for the bricks and mortar of a manufacturing plant in a year's time, so their industry is very strong. We're going to have to make sure we create a strong industry alongside that as well.

I already talked about the potential for rural development, and of course having many sites across Canada doesn't only create rural development, it also reduces transportation in transporting the biofuels to end-use locations.

● (0935)

It also goes very well with the co-op investment plan that CFA has proposed, where creating investment capital for co-ops could allow farmers to be even more involved at the manufacturing level. Of course, and I think I may have mentioned this around this table before, looking at Quebec as a model, where \$6 million resulted in \$36 million of direct investment in co-ops and a further \$100 million of investment in rural development, we again think this fits very well, in an integrated way, with our whole plan to move towards the potential that we have in biofuels. It has a potential, as I mentioned earlier, to give us a value-added component to waste material, whether it's wheat straw, SRM, or anything else. Again, it's a revenue stream for farmers where otherwise they would have no revenue stream.

Are there some concerns? Yes. We would like to make sure that any repeal of excise tax does not apply to farmers as they're making this important contribution to the environment. We would want to make sure that any incentives that have been talked about stay around long enough for the industry to get a very solid footing. We would not want to see any repeal of incentives. Let's make sure we get this industry on a totally solid footing before we repeal incentives.

Is the increase in feed prices a challenge to the livestock industry? Of course, but we would argue that the increase in feed prices, first of all, is not solely as a result of the biofuel industry. We've had problems around the world, but we also have to figure out a way for grain producers to get what they deserve to get for their production and for livestock producers to make money at the same time. So if you look at, say, the hog industry, record slaughter numbers in the U.S. and our strong dollar contribute more to the crisis in the livestock industry than an increase in feed.

The concern for food prices has been raised. I can assure you that any stress at the retail level on food is not as a result of farmers getting paid more for their production. In fact, if you look at the market share a farmer has at the retail level, even doubling the corn price doesn't have to result in any perceptible change of price at the retail level. If you look at 2007 figures over 2006 figures, our increase in the grocery basket was a mere 0.6%. So we don't believe that food prices are an argument against this very important initiative.

As I mentioned earlier, can the science get better? Yes. I mentioned this last time: let's make sure we do as Wayne Gretzky used to say he did. Let's go where we think the puck is going to be. Let's not go where the puck already has been or is; let's go where the puck is going to be.

Can we become more efficient? Of course we can become more efficient, but let's do it together as we pursue this very important initiative.

Thank you.

● (0940)

The Chair: Thank you.

Mr. Chorney, in your testimony you quoted a study that was presented at the Quebec convention. Could you get that into the committee?

Mr. Richard Phillips: Yes, the Don O'Connor study. I made a note here. We'll get that to the committee.

The Chair: I appreciate that.

Just to correct a quote that Mr. Sigurdson attributed to the Library of Parliament, there was, in the Library of Parliamentary report from Frédéric Forge, the comment that "Canada would have to use 36% of its farmland to produce enough biofuels to replace 10%...." Mr. Forge used a quote—and it says in there—from the *New Scientist*, a publication. So it's not his quote; it's a quote from the *New Scientist*, just for committee information.

With that, we're going to go with seven-minute rounds. I appreciate everybody staying within that limit.

Mr. Easter, you have the floor first.

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

I thank everyone for coming.

To start with you, Brian, you mentioned, basically, that the production base in Canada, and the production base of canola certainly has tended to be in the west up until now. But with new varieties of canola, they're even growing canola in P.E.I. now for cold-pressed biodiesel. The figure you presented, does that include that production base out of the west towards more of the rest of the country or not?

Mr. Brian Chorney: The target we've looked at, the 15 million metric tonnes by 2015, is looking at the entire production in Canada. Those are numbers that have been put forward by a strategy of the Canola Council of Canada, and that includes Ontario and all of Canada.

Hon. Wayne Easter: Thank you.

Gordon, let me put it this way: this town, especially these days, is a bit of a political place. At times, when I've looked at the ads of the Canadian Renewable Fuels Association, I almost thought you were but a pretty face for the Prime Minister. It was almost like political advertising.

My question would be along these lines. In terms of the various proposals that are out there, and Mr. Dion certainly has one that was presented as the ten and five strategy, what is your position? Does it make sense? Does it not make sense? I'd like to see where you sit versus the competing proposals.

● (0945)

Mr. Gordon Quaiattini: Thank you, Mr. Easter, for your question.

Obviously the CRFA is very supportive of moving the mandates for biofuels beyond the commitment that has been made by the government. We absolutely endorse a strategy of taking an ethanol mandate to 10% and a biodiesel mandate to 5%.

The critical issue—I think Mr. Friesen touched on this in his comments—which is worth bringing forward, is that the proposal currently before Parliament of 5% and 2% would, as we said, result in about 2.5 billion litres of ethanol and a little more than 500 million litres of biodiesel by January 1, 2010.

What is critical for our industry, of course, is that we want to build the capacity here. If the government or Parliament were motivated to look at an increased mandate beyond that, it simply would be met by import. When you look at the size and the scope of the industry in the United States and the capacity they have to supply biofuels, not only to Canada but around the globe, that mandate could be met by import.

We of course don't want to see that happen. We want to build the domestic industry first. A 5% and a 2% target is achievable by 2010. We are on pace right now, with the level of production and construction that is under way in the industry, to meet that target. But that's just the beginning, and the CRFA very much advocates going to a much larger target in the future.

Hon. Wayne Easter: You mentioned imports. There are a couple of fears here. One is the fear about food being used for fuel. There is certainly a hue and cry that the ethanol and biodiesel industries are pushing up the price of food. In my own opinion, Canada's influence on that price is very marginal, given the fact that the United States is next door.

Do any of you, first, have any comments or any documented studies on that fear and what the impact is on food for fuel?

Second, as you mentioned, Gordon, there's a real concern that Brazil can produce ethanol a heck of a lot cheaper than we can, from sugar cane—at least with current research. I asked James for the act, and I'm not sure from reading the act: could it happen that the Canadian government could in effect be subsidizing the import of Brazilian ethanol coming up the St. Lawrence in tankers? Is that possible under this act? I don't know. What are your thoughts on it?

Those are my two questions.

Mr. Gordon Quaiattini: Let me take your last question first. Under the previous support that the industry benefited from in its early stages, there was the excise tax exemption federally; that was 10¢ for ethanol and 4¢ for biodiesel. That excise tax exemption, Mr. Easter, as you know, applied to both domestically produced and any imported biofuels that come into the marketplace.

The CRFA has been quite adamant in its efforts over the course of the last several years in saying to government that a more useful approach to benefiting the development of the industry in Canada would have that excise tax exemption replaced by a direct producer payment program, meaning that the level of support enjoyed from government would find its way directly to the biofuels producer.

Imported biofuels, of course, don't benefit from that production subsidy any longer. With the removal of the excise tax exemption, which is set to take place April 1 of this year, and in moving to the \$1.5 billion ecoENERGY for Biofuels program, I think we address that issue quite directly.

With respect to the issue of food versus fuel, there is a significant amount of data and information that I can share with the committee. Let's look at a couple of examples.

A UN report by Nobel Prize-winning Dr. Amartya Sen pointed out a decade ago that insufficient food is not the challenge facing the developing world. The notion that we are somehow trading food for fuel, quite frankly, is a myth. The systematic problem we're having in a developing world has to do with low income, unemployment, marketing distorting trade, and subsidy agreements. These can be corrected, as he states, through strong governing institutions, reliance on open markets, solid infrastructure, and sound public policy.

If you look at where biofuels are going and where the demand for food is going, we use a very little amount of food—corn and grains, as an example—in biofuels production right now. So as you've suggested, the impact that is happening has nothing to do with the growth of the biofuels market.

• (0950)

The Chair: Thank you. Your time has expired.

Monsieur Bellavance, s'il vous plaît.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you very much for coming here and testifying.

I will continue with you, Mr. Quaiattini. I hope that I have pronounced your name properly.

In your statement, you made some relatively optimistic assertions. I would like to know what you're basing yourself on in order to come

up with such statistics. For example, you talked about new plants that will be built and which would generate investments of more than \$1.5 billion. You said that 14,000 jobs would be created in rural communities. You also said that once these plants have been built, the industry would create 10,000 direct and indirect jobs and would generate economic activity of \$600 million per year.

Your figures were quite precise. Are they based on one or more studies which you have access to but which we do not? We would really like to see them. Or are these your estimates? I would like to know where these figures come from.

[English]

Mr. Gordon Quaiattini: Thank you very much. I'm happy to do that.

As we stated, the policy of the Canadian Renewable Fuels Association is to grow the size of the industry in Canada. As we have advocated for mandates to come into effect, our purpose has been to ensure that we meet the production level of those mandates by building plants in Canada.

In terms of biofuels production today, we are about to reach around one billion litres of biofuels production sometime in the next couple of months. In order to achieve the mandated target of three billion, obviously we have to build more plants.

When you look at the number of facilities that need to come on line, we're looking at adding between 15 and 20 biofuels facilities across Canada. The construction jobs generated from that can be anywhere from 300 to 400 per plant, and there are all of the indirect jobs in terms of the supply, equipment, and infrastructure that goes into building those facilities.

The numbers come directly from the fact that currently we don't have the number of facilities to meet the target. In order to do that, we have to build plants. That's where the economic activity is going to come. We estimate that we're going to be adding between 15 and 20 new biofuel plants in the next two to three years in order to meet that mandate domestically.

[Translation]

Mr. André Bellavance: You don't have an exhaustive study to show the accuracy of these figures? Talking about building new plants is one thing, but estimating the number of direct and indirect jobs that will be created is another. It looks optimistic to me. This is wishful thinking.

[English]

Mr. Gordon Quaiattini: Well, no, but they are coming directly from our industry.

Mr. Haig has built his biodiesel facility in Hamilton, and he might want to make some direct reference to that.

•(0955)

Mr. Tim Haig (President and Chief Executive Officer, Biox Corporation): We can justify these numbers with back-up studies from the USDA and things like that. If you would like to see them, we will direct these studies to the committee.

This is not myth; this is reality. It's based on existing jobs from existing plants, extrapolating out and going forward; existing studies from the USDA; and current facilities being built in the United States. We can satisfy your need for that data.

Mr. Gordon Quaiattini: Mr. Baker from GreenField Ethanol is with me. They have a facility that currently operates in Chatham. They built the first new biofuels facility in Varennes, Quebec. They have a state-of-the-art, 200-million-litre facility under construction in Johnstown, about 45 minutes from here.

Our members have very accurate data in terms of the number of people they're hiring and the amount of infrastructure and supplies they are sourcing. The information we have is very accurate.

[Translation]

Mr. André Bellavance: You understand what I mean by that. We would be the first to be delighted if these forecasts were accurate. I would be the first one to be pleased, but it would be good to have...

[English]

Mr. Gordon Quaiattini: Absolutely. So are we.

[Translation]

Mr. André Bellavance: ... substantive studies enabling us to ascertain that we are going in this direction.

Mr. Friesen, the Canadian Federation of Agriculture has already said that energy was indeed attractive for agricultural producers, but that it was not the solution to the income crisis anymore than it was a cure-all to resolve all of the issues in the agricultural sector.

[English]

Mr. Bob Friesen: This initiative certainly has a lot of potential for any grains and oilseeds producers we have. We do know that currently the price of feed, of course, is a challenge to the livestock industry. But as I said earlier, the livestock industry is facing other challenges that are probably contributing more to the crisis than an increase in feed costs.

We need to figure out a way whereby grain producers and livestock producers can make money at the same time. We're saying that should not discourage us from pursuing this potential and this initiative. However, a few years ago, when CFA members started talking about this and about what sorts of incentives we should create, the livestock industry was very vocal in saying that if subsidies are going to be applied, or if some sort of farm gate support is going to be applied to the corn industry, for example, it shouldn't be applied only to corn that goes for ethanol because that would discriminate between livestock producers and the ethanol industry. So we have to be very careful of how we create incentives. However, with regard to whether we should stop short of pursuing this opportunity because it's creating a crisis in the livestock industry, we believe the crisis in the livestock industry needs to find other solutions beyond saying that grain producers have to lose money.

[Translation]

Mr. André Bellavance: Certain producers have raised some concerns with respect to energy, which is, as I said, an interesting avenue. They are nevertheless wondering how we can guarantee that they will really stand to profit by it. When it starts to pay off, some fear that the big integrators and corporations will be the ones who will make the money. Producers want to make sure that they will really be able to profit directly from this energy opportunity and from others.

In some sectors, we have seen that this has not necessarily been profitable for them. How can we reassure them that the large corporations, the big oil companies that own the fields, will not be the only ones to make money at the end of the day? I know that this question has already been raised in the committee, but I was not there.

[English]

The Chair: Mr. Bellavance's time has expired, Mr. Friesen, so I'd ask that you keep your response brief.

Mr. Bob Friesen: Thank you, Mr. Chair.

That's a very good point. We have to make sure that some of the benefits of this accrue back to the farm gate. We would also like to see incentives similar to what they have in the U.S., where there is a certain percentage of producer ownership of the manufacturing facilities. They have better incentives if they have over 50% of farmer-owned manufacturing facilities. That's why I mentioned earlier that we need to make sure we develop competitive policy and that we do it in a way that benefits accrue back to the farm gate, and that farmers also have an opportunity at the manufacturing level. Otherwise, if no benefits accrue back to the farmer, then we certainly wouldn't be as energetic with our support as we currently are.

•(1000)

Mr. Kenneth Sigurdson: I'd like to make a comment on that.

The Chair: Please do so very briefly, Mr. Sigurdson. The time has expired.

Mr. Kenneth Sigurdson: The reality is that the price of a bushel of canola is \$13 today, the price of a bushel of wheat is \$10, and you're not going to make biofuels out of those kinds of fuels. A bushel of canola has about 10 litres, and Mr. Chorney will back me up on that, so the direct cost is a \$1.30 a litre before you even start processing it. We're not going to change to some bio-economy running our vehicles. In the United States, where biofuels are big, they estimate only about 2% of the fuel is going to be biofuels, with all of that activity.

The Chair: Thank you.

Mrs. Skelton, it's your turn.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): Mr. Sigurdson, I've never had the pleasure of sitting at a committee table with you. May I ask where you're from?

Mr. Kenneth Sigurdson: My wife and I farm in the Swan River area of Manitoba.

Hon. Carol Skelton: That's good. That's all I wanted to know. I did take one exception to one of your statements. You called the prairies basically a desert. You quoted that.

Mr. Kenneth Sigurdson: No. I was quoting somebody. I was quoting Dr. Vaclav Smil, and he said that you don't set up ethanol plants in a semi-desert, which is much of the prairies.

Hon. Carol Skelton: I take exception to that, because we've always been called the breadbasket of the world. I think that as a producer in your area you would be sticking up for western Canada too.

That was just my comment. I wanted to make sure that Canadians know that western Canadian producers are some of the most environmentally friendly and most productive producers we have in all of Canada. We have exceptional rural Canadian farmers, and I just want to stick up for them by saying that.

We're talking about Bill C-33 today, gentlemen. The minister was before our committee last week. We have a concern in western Canada because of the way grain prices are right now, and I asked him...because we're trying to get a bunch of plants up and running and we're having trouble getting producers to invest in these plants.

I would just like to have comments, Mr. Chorney, from you. What would you tell western Canadian farmers especially? We've gone through many years out west of really low grain prices, losing a lot of smaller farmers with difficulties because we just couldn't make a living at that time. Could I have your comments on that, please?

The Chair: You can jump in after Mr. Chorney is done, Mr. Sigurdson. I'll give you the floor.

Mr. Brian Chorney: I guess if you look at the history of agriculture in western Canada, we've always been encouraged to participate in value-added activities. Unfortunately, as grain farmers we have struggled for many years because of some of the pricing considerations we had. Participating in some of the value-added opportunities is tough when you're trying to pay the bills at the end of the month, so you look after your primary operation and go on, looking at other value-added opportunities that are maybe going by the wayside.

Yes, grain prices have moved upward in recent history, and we are glad to see that. We absolutely encourage the prices to move forward; it gives us an opportunity to maybe look at investing in some of these value-added activities that have long-term potential.

Unfortunately, some of the value-added opportunities that have been encouraged in the past have been very much in niche markets. The difference with the biofuels side of the equation is that this is the niche market. When you look at 2% of the overall pool of diesel fuel, it's a big number for western Canadian agriculture, and it's not going to be filled by one or two farmers or one or two plants. That's where the opportunity is different in the biofuel sector, as distinct from some of the other smaller niche market types of opportunities.

• (1005)

Hon. Carol Skelton: Do you look at this bill—

The Chair: I'm sorry, Ms. Skelton, Mr. Sigurdson wanted to respond.

Hon. Carol Skelton: Okay.

The Chair: Just go quickly, because she has other questions she wants to ask.

Mr. Kenneth Sigurdson: Yes. She made some statements about my having made some statements. I want to clarify what I said in my presentation. Here's what I said.

Vaclav Smil, from the University of Manitoba, described the problem with the wheat ethanol, such as low wheat yields, high water requirements, and growing wheat in the prairies, much of which is a semi-desert.

That's a quotation from him. I heard his entire presentation. He was talking about the Palliser triangle.

Hon. Carol Skelton: Could I go further with my questioning? I only have seven minutes?

Mr. Kenneth Sigurdson: No, I'm trying to explain that. You made some comments about being the farmer here and being proud of these farmers. Well, I really am too, you know.

Hon. Carol Skelton: I didn't say I was a farmer.

Mr. Kenneth Sigurdson: Well, whatever you do....

Anyway, why would we produce low-valued grain to put into ethanol and import the—

The Chair: Ms. Skelton has the floor. I'll add on 30 seconds to your time, Ms. Skelton, so that you can get in the question you want.

Hon. Carol Skelton: We're talking about Bill C-33. Mr. Haig, what would you like to see changed in this bill? Is there anything to be changed, or is it fine to go ahead? If we went through it today clause by clause, would it be—

Mr. Tim Haig: I've been through it in some detail. I think the bill is very sound. Clearly we also support going further, but we have to start with a first step, and I believe this is a fabulous first step.

I'm not a farmer. I am a developer of technology that we bought from the University of Toronto. We are the largest biodiesel producer in Canada right now. We intend to work closer with these guys on adding more value to their feedstock.

All ships rise in the tide. I believe there's a fantastic opportunity for Canada to be an impressive global producer of renewable energy, as we are of conventional energy. So I think this is fabulous. It's a great first step.

Hon. Carol Skelton: So would all of you gentlemen be pleased if we went through this clause-by-clause today?

Mr. Gordon Quaiattini: Yes. But just as a very quick comment, Ms. Skelton, the reality for us right now, of course, as I mentioned in my presentation, is that we are set to have this mandate moved forward on January 1, 2010. If you count backwards from that, Environment Canada requires, rightfully, the opportunity to consult stakeholders from across Canada with respect to the regulations that will come into effect. That's where the body of the mandate and the language around how that will be implemented is contained, but they need legislative authority first. That's why it's incumbent that we have this committee deal with the bill swiftly, have it returned to the House and go over to the Senate, and get it done quickly, because that January 1 date is coming awfully quickly. You can appreciate that the blending industry, the oil industry, requires certainty, and we want to make sure we have that certainty as we proceed.

Mr. Bob Friesen: We support the bill, and in fact we have a resolution on the books that calls for going further as well, but let's get this one passed quickly, and if we really see benefits, I'm sure the House would very quickly be able to pass further legislation.

Mr. Brian Chorney: We support the bill going forward as it is. As I stated in my presentation, we obviously would like to see it go further faster. There's been reference to a study being done in Alberta looking at usage of biodiesel in cold weather climates. Upon positive conclusion of that study, we would really like to see the 2012 date moved to 2010 for the biodiesel. We're happy to wait until the conclusion of that study, because we're very confident that it will have a positive conclusion.

The Chair: Time has expired. Sorry, Ms. Skelton.

Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): I'll see what I can get in during my seven minutes.

As a follow-up to what Carol was saying, the minister did say that he really wants to encourage co-op investment. He was a little bit worried that people aren't taking this up because of the high prices of grain right now, and I think he even said something like they may have missed the boat. If that's the problem, are we not in danger here of sliding into not really farmer-controlled industry, but with Husky Oil and the other major corporations and the multinationals...a situation in which the farmer then just becomes a supplier?

Do you want to answer that quickly, Mr. Quaiattini?

• (1010)

Mr. Gordon Quaiattini: Thank you. I would very much so.

I think you can see where the marketplace is going within Canada right now. We are seeing the variety of projects that are coming forward, so you have the larger producers like GreenField Ethanol, as one example, who have farmers as part of the projects in each of the communities in which they are building. Their project in Varennes, Quebec, has over 600 farmers as equity investors in the project—not simply suppliers of corn, but absolute equity investors

in the project. That is a model, quite frankly, that they are taking to the other projects they are building.

When you look into southern Ontario, near Brantford and Aylmer, at IGPC, which is a farmer-led co-op, over 700 farmers are building the plant as we speak. They are the sole investors in the project. They are taking advantage of the federal government's ecoABC program through which \$200 million is being provided by the federal government to help support that.

We have Saskatchewan projects, the Gardner Dam and EnSask Bio. Again, these are both farmer-driven projects that are currently looking for investment.

So there is that variety there.

Mr. Alex Atamanenko: Thank you. I'm going to stop you there, because I've got some other things.

Ken, I'd like to address this to you. Maybe I'll give my questions, and then hopefully we'll have enough time to get answers.

We are seeing that farmers are benefiting from this, as far as the prices and the revenue are concerned. You are coming out pretty strongly against it, so I'd like to know why.

I'd like to make some other comments before I move on, and I'll just start with this.

In Europe, the renewable fuels are scheduled to provide 5.75% of their transferred fuel by 2010, 10% by 2020. The U.S. aims at 35 billion gallons a year. These targets far exceed the agricultural capacities of the industrial north. Europe would need to plant 70% of its farmland to fuel. The entire corn and soya harvest of the U.S. would need to be processed as ethanol and biodiesel. Converting their arable land to fuel crops would wreak havoc with the north's food systems; therefore, OECD countries are looking to the global south to meet their fuel demands, and southern governments are eager to oblige.

The point is that here we have once again food versus fuel. If we start shifting all of our crops over to fuel, if our industry is advancing and developing and we don't have enough feedstock, then we're going to have to look to the south. If we look at one of the pillars of the bio...agriculture and environment and fuel... We have noticed devastating patterns of deforestation in the Amazon and in other countries such as Indonesia, where farmers are being forced off their land and big plantations are being set up to supply feedstock to Europe and the United States for this increased demand for consumption.

So in the global sense, if this is there because of climate change, to keep it down and control it, are we actually contributing to it if we're encouraging the import of feedstock from these countries where all this deforestation is taking place? There is also the moral aspect of the effect it is having on their farmers.

So coming back here, then, if we want to ramp up our production, does that mean we're going to be pushing for more GM wheat and canola to supply the whole bio-industry? And what effect will that have on our total food supply and our standing in the world?

I'll stop there.

Ken, maybe you can start, and then we can get some other feedback.

Mr. Kenneth Sigurdson: Why oppose this? Various countries have different situations. The U.S. is a big producer of corn, and a lot of the organizations and associations use ethanol as a way to dispose of some of that corn. That's how it was first thought of. Canada, east of the Manitoba-Saskatchewan border, is a net importer of corn—about 50 million to 100 million bushels of corn a year. So it makes no sense that we would import corn from the U.S. and turn it into ethanol. There's going to be a feed deficiency somewhere if we do this.

There are implications for the whole western Canadian grain marketing system if we start pulling grain out of the system. Our terminals on both coasts will be less efficient if there's less grain going east and west. Overall, you're not going to make ethanol or biofuels out of expensive grain. You need cheap grain. This has been government policy for the last 20 years: cheap grain for secondary processing. We've seen that with the elimination of the Crow rate, for example. We've seen that with changes to Wheat Board marketing.

So really, the so-called value-added is actually removing grain from farmers' control. In Manitoba and Saskatchewan, Husky has a mandate for 130 million litres. The taxpayers are going to pay for it. You fill up your blended fuel. Husky has the mandate for the 130 million. If you're at Texaco and he's a co-op, you have to come to me for the supply, and I can set the price. So there are a lot of costs that are going to go on. Why would we do this? You cannot gain energy from biofuels. It's been proven.

I've heard Don O'Connor. He's an engineer from out in Delta, British Columbia. He's not a scientist. We need scientific analysis and data on this, and the major scientists in this country say it simply doesn't work. It won't work out of grain. It's doubtful it's going to work out of cellulose. Development may change that some day, but currently it doesn't work. We shouldn't be taking the straw and trash off our fields to do things like that.

So biofuels are a costly misadventure. They achieve no public policy objective. Your committee ought to be looking at whether it serves some policy objective. It's not going to drive our cars down the road. It's not going to do anything for the environment. The tailpipe emissions are no better, maybe worse. There are more aldehydes coming out. There are more pollutants coming out of the tailpipe.

●(1015)

The Chair: Mr. Atamanenko, your time has expired. Everybody else wanted to get in on your other question, but we have to move on and be fair to the rest of the committee.

Mr. Steckle, you're up.

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

We are anticipating that high grain prices are going to be here for a long time; at least we're hoping so. If that is the case, and our stocker cattle, our feeder cattle, our feeder hogs are more and more moving southward, where do you see us going, given that we developed these 16 or 20 new plants we're anticipating? They're developing one in my area as we speak. Where do you expect that this used feedstock is going to go? Are we going to use it and transport it south, too? I'm just wondering where you're going to go with this.

Mr. Gordon Quaiattini: I'm happy to take a first stab at the question.

There are a couple of things, and I could spend an inordinate amount of the committee's time refuting what my friend from the National Farmers Union is saying, because unfortunately his statistics are all over the map.

To answer your question, Mr. Steckle, let me give you some real world data. Right now, and my comments will be directed at corn and ethanol for a second, only about 10% of the corn that we grow today globally goes into consumer foodstuff. In Canada alone, when you take in all grains and oilseeds, we're roughly at about 50 million, and half of that finds its way into the export market. All we're simply saying to Canadian farmers is you're going to have an option for your crops that can be both food, because we produce more than we consume, and to service the biofuels market.

Number two, you are absolutely right. When you look at where the growth is going in the United States, the policy objective that the CRFA has been advocating is not only do we want to grow the mandates within Canada and therefore develop the production capacity to meet those mandates in Canada, but we are also looking at the opportunity of what is happening south of the border. You make an excellent point. We do not want to be in a situation.... When you look at the 36 billion gallon target that the U.S. has set for itself, they recognize that of that target they have the capacity to meet about 15 billion to 18 billion gallons with current feedstock. The rest of that is going to have to come from next generation ethanol production, or it's going to have to come from imports, and we have the capacity to meet that here in Canada.

To look at what is truly a significant public policy objective, wouldn't it be fantastic that we build not only the industry here in Canada to meet the domestic requirement of the mandates that have been set—5% and 2%, and Mr. Easter talked about going to 10% and 5%, which this industry supports—but absolutely look at south of the border and ensure that what does not happen is having the feedstock simply make its way into the United States, by quite frankly having the biofuel get exported into the United States to help meet the target they are setting? That's a win-win that I think this committee would support unanimously.

•(1020)

Mr. Paul Steckle: As my second question, has there been research done in terms of the greenhouse gas emissions, the differential between what comes out of the gallon of ethanol produced by feedstocks derived from corn or wheat and that which comes from solubles? Is there a difference, and is there any differential in the outcome of that?

Mr. Gordon Quaiattini: Yes, there is.

But again, current technology, corn- and wheat-based ethanol or biodiesel coming from canola, rendered animal fat, and other feedstock all have a net positive contribution on GHG reduction. Don't take my word for it. Take that of Natural Resources Canada. They've done a significant amount of research in this area. They have created what is considered a world class model, GHGenius, that looks at the full life-cycle analysis of the production of biofuels.

Contrary to my friend from the National Farmers Union who likes to cite studies like Pimentel's—he does not do life-cycle studies, his data is about 20 years out of date, and he is talking about old infrastructure that was in its early infancy in the United States with respect to biofuels production—we're talking about current real world data on facilities that are being built in Canada today. On ethanol it's a 40% to 60% benefit, and in biodiesel it's upwards of 75% to 95%, again depending on the feedstock input.

Don't take my word for it, Mr. Steckle. Take the word of Natural Resources Canada.

Mr. Paul Steckle: I'm just wondering if there's a differential between cellulose and grain.

Mr. Gordon Quaiattini: Yes, and cellulose is in that 95% range, similar to biodiesel, so it in fact does have an even increased benefit over time.

Mr. Paul Steckle: We would be encouraged to move towards cellulose.

Mr. Gordon Quaiattini: Absolutely, and again—just give me 10 seconds further to answer your question.

The technology to make cellulosic ethanol is ready today. Again, to counter my friend from the National Farmers Union who suggests that the technology isn't ready, of course it's ready today, and there are multiple Canadian companies—GreenField Ethanol, Iogen Corporation, and Lignol in western Canada—who have all proven that the technology works.

The issue today is simply scaling it up to the commercial level, and that's the work that thankfully the government has seen the benefit of creating, the \$500 million program at Technology Partnerships Canada, which again will help incent that next phase of commercialization. The technology works; now we're just talking about scaling it up.

The Chair: Thank you.

Actually, we're now into five-minute rounds. I should have mentioned that to Mr. Steckle, kicking off the second round. We are into a five-minute question and answer period.

Mr. Storseth, you're up next.

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

I'd like to start out by talking to Mr. Phillips a little bit about his five points, the five reasons he thought this was such an important issue. The first one was to reduce some of the dependency on foreign markets. To what extent do you foresee this happening?

Mr. Richard Phillips: About two-thirds of what we produce in western Canada is exported out by rail right now. Every bushel that goes into ethanol could arguably be one less bushel we have to export. The larger we grow it.... I don't have the exact number; we can maybe see the numbers we're going to have, but every bushel we take out is one less bushel on which we pay the rail freight to port position.

Mr. Brian Storseth: We'll get to the numbers in just a second.

You led into the issue that I wanted to bring up, and that's reducing transportation costs to our farmers—not just costs, but also headaches.

As you know, Bill C-8 is a fairly comprehensive bill, one that faces a long and arduous task in the Liberal-dominated Senate. We need to do something for our producers in western Canada that significantly helps them to turn their costs downward on things like transportation and input. In my area anyway—the Westlock and St. Paul area—this is one of the areas that would significantly....

Anyway, could we get the numbers now, Mr. Chorney, that you were...?

•(1025)

Mr. Brian Chorney: From the canola side of things, we'll go to the 5% renewable fuel standard for the diesel fuel pool. We're looking at between 2 million and 2.5 million metric tons.

Mr. Brian Storseth: Mr. Sigurdson, you're from the NFU. It's a little different for me to hear Mr. Easter not agree with the NFU totally on something, so it takes me a couple of minutes to get used to that.

Mr. Kenneth Sigurdson: Yes, we've got...[Inaudible—Editor]

Mr. Brian Storseth: I'm sure you'll get him onside eventually.

Do you not agree that these 16 to 20 local ethanol plants will create jobs in rural Canada?

Mr. Kenneth Sigurdson: They will be jobs at what cost?

Mr. Brian Storseth: But there will be jobs nonetheless.

Mr. Kenneth Sigurdson: Yes, if you're going to pay \$1 million to \$3 million a job.

Do the math. In Manitoba, an ethanol plant employing.... It was in my presentation. The new Husky plant at Minnedosa, for example, provided 11 jobs in addition to what was there before, so those costs in terms of subsidies come at \$3.3 million per job per year.

Mr. Tim Haig: I have to refute this. As a producer of biodiesel right now—

Mr. Kenneth Sigurdson: What is the figure?

Mr. Tim Haig: I don't have anybody working at the shift level who's making a million dollars a year.

Mr. Kenneth Sigurdson: The subsidy is that.

A voice: Let me try to answer that question.

Mr. Kenneth Sigurdson: I was asked the question and I want to clarify it, because I made it in my presentation.

On the cost of jobs, the Manitoba government's information indicates an 80-million-litre ethanol plant will employ 30 to 35 people, while a 160-million-litre ethanol plant may employ 40 to 50 people. With a subsidy of \$30 a litre of ethanol manufactured, the subsidy for a job will range from \$680,000 to \$1.2 million per job per year. At the Husky ethanol plant in Minnedosa, 11 new jobs were created, costing \$3.3 million a job per year.

I went on to say that... The argument is they'd provide some economic activity, but I would argue that little economic activity takes place there. The grain is hauled in; the distiller's grain and the alcohol are hauled out by tanker.

The Chair: You've already had that put on the record. It's in the blues. It's going to be part of the *Minutes of Proceedings*.

Mr. Quaiattini wants to respond.

Mr. Gordon Quaiattini: First of all, I'm not sure where my friend gets his statistics. This industry certainly isn't getting \$30-a-litre support from government. The federal program will provide 10¢ a litre of support, at most, on the ethanol side and up to 20¢ a litre on the biodiesel side. That's a \$1.5 billion program, which is, as I said on the record earlier, \$600 million of economic activity on an annual basis being leveraged from a one-time commitment of \$1.5 billion by the federal government.

Let me give you some comparisons. Hibernia had \$3 billion of government support. I'm not criticizing this level of support either; it's just for comparison purposes. There was \$3 billion for Hibernia, \$14 billion of government support to Darlington for the nuclear facility that was built, and collectively to the oil sands—and again, I'm not making a judgment call—there was upwards of \$44 billion of government support. The ethanol and biodiesel industry in Canada is getting \$1.5 billion of support.

The Chair: You can have one short question.

Mr. Brian Storseth: I think we all agree, and the NFU agrees, that this will create jobs in rural Canada. This will reduce transportation costs in rural Canada. This is a good thing for farmers in rural Canada. I don't know who you represent, Mr. Sigurdson. You're supposed to be for the National Farmers Union.

Mr. Kenneth Sigurdson: I want to respond to that, if I could.

The Chair: You can, but very briefly. We do have time considerations, because other committee members want to get on the floor. Mr. Storseth's time has expired, so you can make just a very brief comment of about 15 to 20 seconds.

• (1030)

Mr. Kenneth Sigurdson: On the subsidy part of it, the Manitoba government provides a 20¢-per-litre subsidy and the federal government 10¢, so that's 30¢. That is how my analysis comes to \$1 million per job per year.

If we're going to spend that money, there are a lot better places to spend it in terms of providing jobs. We could be doing geothermal heating. We could be doing a number of proven initiatives that work.

I'm surprised at Brian. The gist of his party is to remove subsidies and now he's talking about adding to subsidies. I'm really confused.

The Chair: Thank you.

We do have to move on.

Madame Thi Lac, pour cinq minutes.

[Translation]

Mrs. Ève-Mary Th   Thi Lac (Saint-Hyacinthe—Bagot, BQ): Good morning. Thank you all for coming here today and providing us with your presentation.

I am aware that it is absolutely essential that we be made aware of the use of new fuels. My question is for Mr. Friesen and Mr. Sigurdson.

We have heard conflicting testimony about the transition to biofuels. People on either side of the issue refer to studies that support their arguments. We have to assess the real impact on the rural regions. We support the bill in principle, because we are indeed trying to reduce our dependency on oil, but it will be crucial that our farmers be able to survive this transition. I would like to hear your opinion on the real impact that these changes will have on the rural regions.

[English]

Mr. Bob Friesen: We think it's going to be very positive.

I've been sitting here listening to an awful lot of distraction from the positive nature of what we think this initiative can add to agriculture.

We don't need any studies. We've been complaining that we weren't out of the gate faster than we were and have been looking at the U.S. and Brazil enviously, wondering why the heck we weren't there.

Instead of being a fire hose on this initiative, I think it behooves us, if we have concerns, to get together and work out those concerns. But let's not dump on the entire initiative. We think it can be very positive for a grains and oilseeds sector that for the last six years has been losing money. Finally they're getting some money for what they're producing and are making a profit. If that is adding a challenge to other sectors, let's find solutions for those sectors.

As for a food shortage, we currently do not have a food shortage in the world. We may have a distribution problem. We may have a poverty problem in areas of some countries and in parts of Canada, but we do not have a food shortage.

Are the stocks to use ratios at an all-time low? Yes, they are, but you know, they were at an all-time low, according to history, when the price of grain starting going down. We have million and millions of acres of set-aside in the U.S. We have millions of acres of set-aside in the EU. We have farmers now finally getting a return on investment when they spend some money on fertilizer so they can actually increase their production on a per-acre basis. We're going to be able to deal with these challenges.

Last week we were at this committee talking about the demand for fertilizer. That tells me that farmers are going to increase their production because they're seeing a return on their investment.

Having said all that, we think this is a positive initiative. Yes, it is a challenge to the livestock sector currently, but they have, as I said earlier, other challenges.

Our farmer members talk to U.S. farmers, and they see that farmers made money on corn over the last six years. They were participating in the ownership of manufacturing companies. They saw profits there. Yes, they used a lot of taxpayer dollars, and that's why we're going to have to have competitive policy. But we've been looking at them enviously.

Let's find solutions to the concerns we have, and let's move ahead with this as quickly as we can, because our members are waiting for more and more action.

The Chair: Brian, did you want in on this?

Mr. Kenneth Sigurdson: Ethanol and biofuels are—

The Chair: I said “Mr. Chorney” actually.

Mr. Kenneth Sigurdson: No, she asked me the question. I'm sorry.

•(1035)

The Chair: Did you ask the question of Mr. Sigurdson?

[*Translation*]

Mrs. Ève-Mary Thaï Thi Lac: Yes.

[*English*]

The Chair: Mr. Sigurdson, and then Mr. Chorney.

Mr. Kenneth Sigurdson: Biofuels are highly dependent on the fossil fuels, and you cannot call something that dependent on fossil fuels alternate energy. The studies I cited.... There's almost a new one a week stating the problems with ethanol.

Paul Crutzen of the OECD did a study. He's a Nobel prize-winning scientist, and he determined there was more CO₂ from biodiesel in Europe than from the straight use of fuel.

Anyway, Brazil has sugar cane. The United States has corn and surplus corn. We are net importers of corn, as I said, from the Manitoba-Saskatchewan border east, and it makes very little sense to me that we would build an ethanol plant in southern Ontario or in Quebec or anywhere and then import the corn to supply the feedstock for that.

With regard to the impact on farmers, a lot of farmers in the communities in western Canada get together and put a few thousand dollars into these things, and that's about as far as it goes. These are expensive things to set up. And what happened in Manitoba is that Husky got the total mandate. In Saskatchewan, Husky has a big portion of the mandate there as well for ethanol.

As a farmer, I certainly wouldn't want to invest in an ethanol plant so I could sell them low-valued grain so they could succeed, and that's really what would have to take place here.

The Chair: Thank you.

Mr. Miller, it's your time.

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

I'd like to thank all the witnesses for coming here today.

We've heard, for the most part, a reasonably balanced approach to Bill C-33.

Mr. Friesen recognized that there are some problems in there. I liked your comments that we have to look at the whole picture. I think that was good.

Mr. Sigurdson, I'm not just sure how many days or weeks you spent trying to drum up every negative thing you could find on the biofuel industry, but I would just suggest that, as a farmer myself, maybe you should concentrate on the whole approach for your members. Farmers have to be diverse and learn to change and adapt with the times. I'd suggest that might be a more balanced approach.

One thing that has come out here today is a comment I've heard before that one of the reasons for the increase in grain prices is biofuels. I think that's probably a fair statement. It certainly has had some impact. But we all know that the grain prices seem to have hills and valleys.

Something I'm hearing out there more and more, and I'd like some comments on this, is that a lot of people seem to think that maybe the biofuels industry may take some of those hills and valleys out over time. Are there any comments out there, Mr. Phillips, Mr. Quaiattini, or Mr. Chorney?

Mr. Brian Chorney: Our view on the biodiesel side of it is that as canola oil has been recognized as being a very healthy oil, our premium market is the food market, and we absolutely recognize that. Our hope is that the biodiesel industry and the biofuels policies that we're looking for in this bill that is being pushed forward will lower the limits that our price will fall. I'm hoping we'll never see \$5 canola again. I understand that \$13 canola is a good return from a producer's perspective, but these things happen in cycles, as you're well aware, and our view and our hope is that this biodiesel strategy that is part of Bill C-33 is a step forward in reducing the bottom end of our cycle.

Mr. Richard Phillips: I think it will provide a much stronger floor base underneath. This is what you'll see happening.

Beyond that, I want to talk about the income back to the farmers. Brian mentioned 2 million to 2.5 million tonnes of canola being used. We're paying \$40 to \$50 a tonne for freight to ocean. That alone is \$80 million to \$100 million back in our pockets as well.

I think Tim wants in on this too, Mr. Miller.

•(1040)

Mr. Tim Haig: In support of that, I'd like to just make a very brief comment. I won't burn your time.

What is important about this bill is that it allows petroleum and feedstock to decouple. It allows the biodiesel industry to be predicated on the feedstock market that these gentlemen are producing. So it allows the decoupling. We have seen in the world with decoupled markets that renewable fuels are actually cheaper than petroleum-based. We don't know where petroleum is going to go, but we know with the mandate it will decouple. We have this opportunity to settle down, predicated on what the feedstock market is costing, not on what the commodity price is set at by large oil and gas companies. That is just a small point.

Mr. Larry Miller: Mr. Friesen, I liked your comment that no one out there wants grain growers' or oilseed producers' prices to go down in order to save or to help the livestock industry. I'm glad to hear you say that, because although we recognize the problems in there, we don't want one sector of agriculture to suffer for the others.

It's a fair statement, I think you would agree. Obviously CFA's approach to this is quite the opposite of the NFU's. I guess you'd agree with that.

You touched a little on co-ops, and I'd like you to comment on them, and possibly Mr. Chorney or Mr. Quaiattini as well. What can we do here to promote more co-ops? I've always been a believer that if you get something farm grown, it takes that big business aspect out of it and basically puts more return to the grassroots producers. Perhaps you could comment on that.

The Chair: I'm sorry, the time has expired, so I ask for a quick response.

Mr. Bob Friesen: The one place where I think the National Farmers Union agrees with the Canadian Federation of Agriculture is farmer empowerment. What better way to empower farmers than to have a Cargill ethanol plant and Loblaw's bid for the same bushel of corn. I'll leave it at that.

On the co-op investment plan, yes, we think a fairly small amount of money on a national level in the way of tax concessions would generate a lot of investment capital for co-ops and strengthen farmers' positions in co-ops, and then further result in accruing a lot of investment in rural development as well. We think this would be an excellent initiative to tie together with the biofuel initiative.

The Chair: Thank you.

Mr. Boshcoff.

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

Today is February 11. The first reading was on December 3, so it has been almost 70 days. I'm just wondering if you are concerned that the government is deliberately holding this up or delaying or stonewalling this.

Mr. Gordon Quaiattini: I have no concern at all that the government is holding this bill up.

Mr. Ken Boshcoff: Even though it has been 70 days?

Mr. Gordon Quaiattini: Our position is we are happy the bill is before this committee right now. We would encourage the committee to conclude its hearings and hear from as diverse a stakeholder cross-section that they require. When you look at the date of January 1, 2010, and the typical timeframe for government regulation to come into effect, its typically that 18- to 24-month timeframe. So count backwards from January 2010 and we are in that timeframe right now.

So the faster we can get legislative authority granted to Environment Canada, that then allows for the rest of the regulatory development process to continue so there is no slippage in that January 1 date.

Mr. Ken Boshcoff: Do you think 70 days is a normal pace?

Mr. Gordon Quaiattini: Listen, government can move faster, government can move slower. The power, quite frankly, is in the hands of this committee right now. You can conclude this consideration of the bill very quickly right now, send it back to the House, and get it to the Senate.

Mr. Ken Boshcoff: That is my second question. There are so many people who are in favour of this, with all due respect to our representative from the National Farmers Union. It seems like this committee is taking up an enormous period of time, considering the huge backlog we have on other crisis issues. Is there any reason this cannot be expedited?

Mr. Brian Chorney: I would hope not. We really encourage quick passage and taking it back to...

Mr. Ken Boshcoff: None of you has mentioned any particular concerns or something that would stop this. You're more or less in a hurry.

• (1045)

Mr. Richard Phillips: I would actually say that if you were to send the signal that you were stalling or delaying.... I'm an investor in EnSask, and we're out there trying to raise money from shareholders. If there were a splash of cold water put on from the government right now, I think it would make it very hard for us to continue fundraising for our producer-owned facilities.

Mr. Ken Boshcoff: I'll share the remaining time with the honourable member from Brant.

Mr. Lloyd St. Amand (Brant, Lib.): Thank you, Mr. Chairman, and I'd like to thank my always cooperative colleague, Mr. Boshcoff.

A comment from Mr. Sigurdson some 15 or 20 minutes ago triggered looks of virtual disbelief on the part of you, Mr. Friesen, and you, Mr. Haig, about the \$30 subsidy. You've since commented, Mr. Friesen.

So if I may, Mr. Haig, I'll ask you to just perhaps now tell us what you were going to say. As you may know, I had an opportunity to work with an entity known as Integrated Grain Processors Co-op, and they were ultimately successful in getting funding from different levels of government and are well on their way. It's been a terrific good news story.

Mr. Haig, could you share your belief with respect to the issue of subsidies that—

Mr. Tim Haig: I'm really happy to. Thank you, sir, for the opportunity to get to this.

As I was saying before, what the market really needs is for the commodity at the front end of this to decouple from the commodity at the back end. But in the meantime, we need subsidies, competitive with those in the States and other jurisdictions, which this Parliament is putting into place. We need the opportunity to get to that decoupling aspect of things.

I don't understand whatever statistics we have, but we have in place, coming through with ecoENERGY, a competitive market wherein we believe we can build the capacity we require to get to the decoupling situation that this bill will allow us to get to, and perhaps hopefully go a bit further.

As a part owner and operator of the largest biodiesel facility in Canada, I don't get these numbers. I'm sorry, I can't comment. It was just striking how large and rather obscure they are, judging from my balance sheet.

The Chair: Mr. Friesen, do you want to comment on that?

Mr. Bob Friesen: I already commented earlier, thanks.

Mr. Kenneth Sigurdson: I do, because I'm having difficulty figuring out what I said that is in dispute here. In Manitoba, there's a 30¢-per-litre subsidy on ethanol; it's commonly known. On an energy equivalent basis, that works out to about a 45¢-per-litre subsidy. I didn't make any comments about biodiesel in terms of a subsidy level.

The Chair: Mr. Friesen, quickly, as the time has run out.

Mr. Bob Friesen: I have a comment. We would consider it to be part of a public goods and services initiative if we could get the Canadian public to help subsidize, to some extent, the biofuel industry. It's a contribution to the environment and it's a contribution to agriculture, so it's a win-win for the Canadian public—for farmers and for everybody involved.

The Chair: Thank you.

I understand Mr. Storseth and Mr. Lauzon want to split their time.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Mr. Storseth has a good question, I understand.

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

I think it's important to make a comment and set the record straight on something Mr. Easter seemed to get so much joy out of.

The fact of the matter is that 10 to 15 years ago in Alberta, the oil sands were considered a dream. They were considered too expensive, too energy inefficient, and something we would never see as a relevant source of energy or oil in our country or in our world. Today, with the high price of oil, the money that governments at both the federal and provincial levels have put into it has created a very economically viable industry that creates roughly 10% of Canada's GDP.

Some 16% of oil sands-related jobs are not in Alberta; they are actually in Ontario. Since 2004 alone, over \$102 billion worth of economic activity in Ontario alone has been generated from the oil sands in Alberta.

Mr. Chair, if the industry we are talking about helping to create today can bring forth one iota of the change the oil sands have brought to our country, to rural Canada, then I think it behooves us to support it and continue to move it forward every step we can.

I think the comments Mr. Boshcoff has made about the government's delaying this and trying to ramp up fears on this issue are very dangerous. What you are doing is exactly what these gentlemen have asked you not to do, and that is to—

• (1050)

Mr. Ken Boshcoff: On a point of order, Mr. Chairman, I just outlined the 70-day delay. That was pretty straightforward.

The Chair: It wasn't 70 sitting days.

Mr. Storseth.

Mr. Brian Storseth: The last thing we want to do is throw cold water on this initiative. The producers in my area and the producers of western Canada see this as a light at the end of the tunnel.

Thank you very much, Mr. Chair. I'll pass my time on to Mr. Lauzon.

The Chair: You have just over three minutes left.

Mr. Guy Lauzon: Mr. Easter said something...and I think you people would like to see this go even further than the 2% and 5%. If we can ever get this legislation passed, then it will give the Minister of the Environment the opportunity to in fact wrap it up as needed.

The other thing is we try to put farmers first. Our agriculture minister wants to put farmers first. We have a chance here for grains and oilseeds farmers to diversify, to get another market, and we seem, like my colleague said, to be putting some cold water on this. What's wrong with giving the farmers another option to sell their grain?

All of you supposedly are in the industry. I can't see, for the life of me, why we don't think this is the best thing since sliced bread. This is a chance for diversification. It is a chance for new opportunities. It is the greatest thing, as I said, since sliced bread.

Mr. Boshcoff said something about 70 days. I can tell you, Mr. Chair, we heard enough from the industry, and we should go to clause-by-clause even if it requires extra meetings. Let's get this done. We can hear from the industry that it has to get done. We want to get it done. The opposition wants to get it done. What do you say we get it done right now?

The Chair: We have eight minutes.

Mr. Guy Lauzon: If we need extra time, that's a motion I would like to put on the floor, Mr. Chair.

The Chair: Do you want to bring that up at the end of the meeting?

Mr. Guy Lauzon: This is the end of the meeting.

The Chair: No, there are still eight minutes left and I have a couple of clarifications.

I'll go to Gordon first.

Mr. Gordon Quaiattini: Mr. Lauzon, when you were talking about what this means for farmers and you said we were providing another outlet for Canadian grains and oilseeds, I would take it a step further and say, as you've heard from my colleagues, the issue isn't about just simply providing the feedstock. The issue very much—and it's fundamental to our association—is that in fact farmers should be given the opportunity to be investors as well. By having that investment opportunity, it actually goes directly to Mr. Miller's point with respect to that hedge against the ebb and flow of commodity pricing that has taken place. In periods in which commodity prices cyclically will come back down, your hedge is the fact that as a farmer you have actually also invested in that biofuels facility and therefore you have that diversification within the farm gate.

The challenge we have right now, particularly in western Canada, is that it is only now that farmers are finally getting that revenue stream within the farm gate to the level at which they can actually contemplate this kind of investment.

Our urgency, of course, is that we need to start building now. So we're actually challenging farmers by saying that we know they are finally coming out of their struggle by getting the kind of revenue they deserve at the farm gate, and now we're quickly asking them to invest in our industry because of the tight timeframe I talked about earlier.

Mr. Guy Lauzon: This could be one of the best things that ever happened to rural Canada in years and years. This committee should do everything we can to cooperate with the industry, with the farmers, and in fact put farmers first and get this legislation passed.

The Chair: Mr. Sigurdson, you want in briefly.

Mr. Kenneth Sigurdson: Yes, I just want to clarify. Mr. Friesen said the NFU and the Canadian Federation of Agriculture agreed that if we have Cargill and somebody else competing for our product.... We in the National Farmers Union don't see it as particularly positive that an American transnational comes up and sets up operations in this country. What we would like to see is fair prices for farmers, for their products.

Mr. Brian Storseth: On a point of order, Mr. Chair, I have to say that—

Mr. Kenneth Sigurdson: Excuse me, I—

The Chair: There is a point of order. I have to recognize the point of order.

Mr. Brian Storseth: This committee is not a debate between the NFU, the NDP, and the rest of the world. Perhaps we could move on with the questions and answers. We've given the NFU additional time.

Mr. Kenneth Sigurdson: Okay. I just want to finish then—

• (1055)

The Chair: As it relates to Bill C-33, please.

Mr. Kenneth Sigurdson: Overall in my presentation I really didn't get to say what my summary was.

Mr. Guy Lauzon: On a point of order, I thought everybody had 10 minutes here. This gentleman representing the NFU seems to have had double what the other people have had. I'm sure the other people had lots to—

Mr. Kenneth Sigurdson: I guess I'm probably the only one who isn't on a per diem here today, so—

Mr. Guy Lauzon: Just a moment. They were respectful of this committee and the committee's time.

Mr. Chair, he's had his 10 minutes, and I think we should—

Mr. Kenneth Sigurdson: I want to make one final comment, if I may.

The Chair: Your time has expired. We do have another committee meeting after us, and I have a couple of points of committee business to deal with.

Mr. Sigurdson, we do have your presentation. We will translate it and circulate it to all the members, including your recommendation at the end. We'll definitely get that out to the entire committee.

I did give you extra time. I gave you 11 minutes compared to everybody else, who had around eight to nine minutes. Everybody else respected their opening time for comments.

Mr. Kenneth Sigurdson: Excuse me, I certainly was interrupted a lot more than other people, and I was distracted from what I was—

The Chair: Not during your opening comments, though, Mr. Sigurdson.

Mr. Kenneth Sigurdson: No, but that was about the only time.

The Chair: First of all, Mr. Easter asked a question about the regulations and whether or not they apply to controlling imports.

For the committee's information, both clauses 1 and 2, as they pertain to sections 139 and 140, do provide to the Governor in Council the power to control imports as well as a number of other issues as they relate to biofuels.

Hon. Wayne Easter: Just one second, James.

It does provide the authority, but has it been established that this subsidy cannot go there? That decision has yet to be made by the Governor in Council. Is that right?

The Chair: It has yet to be made—right. That is true as it relates to the entire policy, including increasing the biofuel content from five to ten and whatever comes down the pike.

Also, in your presentations and comments, Gordon, you referred to a couple of studies. We'd ask that you submit those studies to the clerk for distribution so we have that information as well.

Mr. Gordon Quaiattini: Sure. I'd be happy to.

The Chair: I'm happy about that.

Mr. Sigurdson.

Mr. Kenneth Sigurdson: Would you welcome the studies and presentations that I made to the committee?

The Chair: Yes, definitely. You could present those as well. I think some of those have been presented already, but definitely, please forward those in.

We need to determine our additional meetings. Right now we have meetings scheduled for the 14th and the 26th. We heard today that there is interest in moving this forward quickly. I'm prepared to add meetings. We have looked at the availability of this room. It is available Monday night, on the 25th, for three hours, to get in the extra witnesses that both the NDP and the Bloc have asked for.

Alex.

Mr. Alex Atamanenko: I want to put this on the record.

This is an environmental bill. I understand and support the fact that it's helping farmers. I think we all agree about that. But there are other issues. There are long-term issues. There are witnesses that we have suggested, and for the sake of a couple of weeks, I think we have to hear them so we can get the total picture—short range and long range. We're looking at a policy that could drastically alter the course, not only of agriculture but of the environment and the whole climate change debate in Canada. We have to look at it carefully, and I'd like to make sure we take some time to do that.

The Chair: I have Mr. Easter, Mr. Storseth, and Mr. Miller on this point.

Hon. Wayne Easter: Mr. Chairman, I know both the Bloc and the NDP have a number of witnesses. We do want to expedite this bill and get it to the Senate as fast as possible. But in fairness to parties that have witnesses they want to bring forward, I think they have to be heard and we have to find the time to do that, while at the same time getting it through as fast as possible.

The Chair: Mr. Storseth.

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

As everybody does have the right to bring witnesses forward, I think it's incumbent on us, as was stated today, that we move this in the most expeditious manner possible. If that means we have to add extra meetings to the schedule, then I think we should approve that, move forward, and provide some idea to the subcommittee as to the timelines we would like to have this piece of legislation moved by. This is something that—

The Chair: Can I suggest something? I know Mr. Miller and Mrs. Skelton want in on this, but can I suggest that you give me the power to go ahead and schedule extra meetings? There might be some evening meetings, on Monday nights, to get our witnesses on, so we can get this reported back to the House shortly after we return from recess.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance: We cannot sit every day in order to discuss this issue. As parliamentarians, we have other obligations aside from sitting on this committee. I don't intend to go on at great length, but if I feel that we are being rushed in examining bills, even those we agree with—James and I discussed this matter in private yesterday—we will have some problems.

There are other considerations apart from agriculture; there are the environmental impacts. Alex raised this issue as well. I do not want to stand in the way of this bill, but we must nevertheless hear the witnesses who said that they would like to speak before the committee. If we start holding meetings every day, some people will

not be able to be there, which will cause problems. I would like us to proceed in a...

•(1100)

[*English*]

The Chair: Okay, I've got four other people who want in on this discussion, and we're out of time.

We'll go to Mr. Miller, Ms. Skelton, Mr. Easter, and Mr. Atamanenko.

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

The government's been accused here, of course, wrongly today of dragging our feet on this. We obviously want this to happen, and yet we want more time. I recognize that and respect that and appreciate that.

I'm going to throw a suggestion out, Mr. Chairman, that we get all the witnesses here—as many as we can, anyway—from the Bloc and the NDP on Thursday, and that when we come back here in 10 days, we start clause-by-clause consideration. It's a compromise.

The Chair: We've already got a very full list for Thursday's meeting, so I don't think we have room at the table to add people for Thursday.

Mr. Larry Miller: None of those are witnesses.

The Chair: Some are. I know that of the Bloc list, we've invited five out of the 10 so far who have been suggested, and only three have confirmed. I think three on the NDP list have been contacted, and two of them have confirmed. Some of the people who aren't available are sending in briefs, so we'll get a written response in one shape or another.

Go ahead, Mrs. Skelton.

Hon. Carol Skelton: Mr. Chair, I would like to move that we have additional meetings on Monday evenings, and I'd like to have a vote on that, please. I think it is essential that we get this passed as soon as possible so that our farmers can start making preparations for spring and what they want to do, and so that we give the farm people out there trying to invest in the ethanol and biodiesel facilities in their communities the proper go-ahead so that they can go ahead and keep doing this.

The Chair: I have a motion on the floor that we will start sitting Monday evenings.

From 6 p.m. until 9 p.m. is a suggested timeframe. Can you make 6 p.m. to 9 p.m. part of your motion, so that we can handle as many witnesses at a time as possible?

Is there any debate on the motion?

Go ahead, Mr. Atamanenko.

Mr. Alex Atamanenko: Let's just look at this for a second.

Sure, this is important, but all of a sudden we want to rush it through. All of a sudden the government side wants to start rushing through it, and we have to ask why. Why can't we continue and sit at the regular time and look at this? We didn't get back until October. We could have come back in September; we could have started this earlier.

Let's do this right. We've got witnesses; let's do it right. We have a time, and we also have other things to do besides going to agriculture committee meetings every day of the week. So I'm opposed to this motion.

The Chair: Okay.

Next are Mr. Storseth, Mr. Miller, Mr. Easter, and Mr. Bellavance.

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

Nobody's talking about rushing anything. We're talking about expediting the process. If you want to have more witnesses, we'll have more witnesses, but we'll have more committee meetings. We represent four national parties here; if you can't find somebody from your party to come and take your seat and ask intelligent questions on this bill, then we've got issues.

It's been said today and at every meeting we've had that we need to move this as quickly as possible. It's been the government's position. All too often the NDP find that stalling in committee is the best way to do it, and then the Liberals pass it through committee and stall it in the Senate. Well, quite frankly, Mr. Chair, it's time that we moved together in as expedited a fashion as possible.

The Chair: Go ahead, Mr. Easter.

Hon. Wayne Easter: I will admit that I'm getting pretty sick and tired of this business on the Senate. The reason the 71 days was mentioned earlier was to basically throw back the line that your House leader and many of your members are using to attack the Senate when they really only have 21 sitting days to deal with the attacking violent crime bill. It has to do with Mr. Storseth's saying that we're trying to delay things in the Senate; we're not.

I will say this, Mr. Chairman, on this motion that's before us right now: I'm not interested in playing games in terms of not getting this through, but I'm also not interested in being forced by a motion to meet Monday nights. I'm willing to give the authority to the chair. We already agreed that we would meet Monday night, February 25, for three hours. We've said to the chair in this proposal that we're willing to do that. I'm willing to leave that authority with the chair, but I'm not going to be browbeaten by a motion before this committee, so I will be opposing this motion. I will say this on the record: we are in agreement to a meeting on Monday, February 25, for three hours.

• (1105)

The Chair: As procedure, we do actually have to have a motion to add a meeting. We do have to have that.

Next is Mr. Miller, and then Mr. Bellavance.

Mr. Larry Miller: Frankly, like Mr. Bellavance, I don't want to have to meet Monday nights either—I have four days of committees—but you have to remember that the government didn't all of a sudden, today, decide that we wanted to rush this through.

Mr. Boshcoff made an accusation. I suppose it was on behalf of the opposition. That's where this started, and we're basically saying that if you're going to accuse us of that, then.... We have no intentions of dragging this out.

Unfortunately, I'm going to support the meeting. I have lots of things I could be doing too, but in the sense of keeping the ball rolling, we're going to have to do this. The only thing I don't like about this is that it makes it sound as though we're going to do this every Monday, which implies that we're going to drag this out for weeks. That part bothers me, because it could be dealt with—

The Chair: Mr. Bellavance is next. Remember, another committee wants to meet in here, and we're holding them up.

Go ahead, Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance: What's going on in the Senate and all of the bickering regarding the delays or whatever... We are not doing anything out of the ordinary. We are examining a bill as we normally do and we need to do this seriously. I told you that this had an impact on two departments and that we had received requests regarding testimony.

Had I wanted to filibuster or prolong the work of the committee needlessly, I would not have suggested 10 or so witnesses, I would have suggested 30. I want us to follow committee procedure. I cannot be here Monday. Mr. Storseth's argument that perhaps no one will be here to ask questions is not relevant. I am my party's agricultural critic. I want to be present to hear what is going on in this committee and I want us to complete our study on the bill. That is the normal procedure, without exception.

I do not see any urgency requiring us to start multiplying the number of meetings. Let's proceed normally. Our witness list is not unduly long. Let's hear from them and then we will be able to proceed with the adoption of a bill, just as we do for the others.

[*English*]

The Chair: Go ahead, Monsieur Lauzon.

Mr. Guy Lauzon: Could we all put a little water in our wine and maybe just put the farmers first? We've heard from the farmers in no uncertain terms.

[*Translation*]

Farmers want this bill. If we could hear witnesses a little bit more quickly than we normally do, that would help the farmers.

[*English*]

It's going to show good faith on our part, too.

I think we have to work together. I don't think there is anybody around the table who isn't here for the farmer. Let's make it work for the farmer. I think that's what Ms. Skelton and everybody is trying to do. We all want to do the same thing, so let's maybe put a little water in our wine.

[*Translation*]

Holding a special meeting or something of that nature to begin with may help us get through this a little bit more quickly, and the farmers would be more satisfied with the results.

[*English*]

The Chair: *Merci.*

Go ahead, Mr. Steckle.

Mr. Paul Steckle: So that we can expedite this meeting and get it over with, Carol has a motion on the floor. It needs to be dealt with first. We'll deal with her motion. If that's defeated, there's another choice that's been given, and you'll probably find support around the table to support you to move forward on a motion to hold a meeting for three hours on Monday night, February 25. I think you'll find that forthcoming, so let's deal with the motion.

The Chair: Essentially, the motion we have on the record is that the committee hold a meeting February 25 from 6 p.m. to 9 p.m. in order to hear the other witnesses on Bill C-33. I think your suggestion is the same thing we have on the floor right now.

• (1110)

Mr. Paul Steckle: I think every Monday night was said. I apologize.

Hon. Carol Skelton: It will be until we get the bill through.

Hon. Wayne Easter: Is it Monday night or is it every Monday night?

Hon. Carol Skelton: It's every Monday night until we get the bill through.

Hon. Wayne Easter: Then if that's what the motion—

The Chair: Let's call the question. It will be a recorded vote.

(Motion negated: nays 5; yeas 4)

The Chair: The motion is defeated.

Do you want to make another motion?

Go ahead, Mr. Steckle.

Mr. Paul Steckle: I would put on the floor a motion that we meet on February 25 for three hours in the evening and see how far we get with it. It would be from 6 p.m. to 9 p.m.

The Chair: Is there any discussion on this motion?

Mr. Brian Storseth: How can we entertain two motions that are basically similar motions?

The Chair: This is different. This has a specific date.

Mr. Paul Steckle: It's just like Afghanistan.

The Chair: There will be a recorded vote. Is there any debate on this motion before I call the question?

(Motion agreed to: yeas 9; nays 0)

The Chair: I will just give you a reminder that the Young Farmers Forum is in town next week when we get back from break. We're going to have lunch with them on February 26. Do you want food served at the meeting on February 25?

Some hon. members: Agreed.

The Chair: The meeting is adjourned.

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