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Tuesday, October 27, 2009

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Chair

Mr. Larry Miller

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• (1535)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I will call our meeting to order. We have a quorum.

As per our discussion at the end of the last meeting, we're going to save some time towards the end of the meeting for business. We have the steering committee report, a housekeeping matter to do with the budget, and you know we have some motions.

At this point we'll go directly to our witnesses. We have, from BioEnterprise Corporation, Mr. Dave Smardon; from Okanagan Kootenay Cherry Growers Association, Mr. Greg Norton; and from Prince Edward Island Potato Board, Ms. Brenda Simmons.

I'm going to reverse the agenda. Ms. Simmons, we're going to allow you to go first.

You have ten minutes or less, please.

Ms. Brenda Simmons (Assistant General Manager, Prince Edward Island Potato Board): Thank you very much.

Good afternoon, members of Parliament, ladies and gentlemen.

My name is Brenda Simmons, and I'm the assistant general manager at the Prince Edward Island Potato Board. Our organization represents the interests of potato farmers in our province, and we're also active in some national and international organizations that share that interest.

Our chairman, Boyd Rose, couldn't attend today, because like almost every Prince Edward Island potato farmer, he is still in the field trying to harvest his crop. At this point we have about 40% of the crop still out. We've had over 11 inches of rain in October, so we're in a serious situation. However, our directors do strongly support the questions you've identified in your letter of invitation to today's hearing.

I'll try to address several of the discussion points, and I'll start with a bit of background. Over the past 10 years we've decreased from over 500 potato farmers in Prince Edward Island to about 360 today. Our potato acreage has also declined drastically. We planted our biggest crop in 1999, at 113,000 acres of potatoes. Acreage has declined since that time, for many reasons that relate to your study of competitiveness, and in 2009 we dropped to 85,000 acres. That's a decrease of 28,000 acres, or 25%, in 10 years. We've seen about the same decrease in the percentage of farmers. It is severe and it's very real.

I will address your points on competitiveness, beginning with competition levels in various agricultural sectors—retail, processing, and inputs. You know about the consolidation in retail and processing. We have basically three main retailers we sell to in the eastern part of Canada, and we deal with five processors, both large and small, for potatoes. We are fortunate that these retailers and processors seem to be viable and they pay their bills. We definitely value them as major customers of our potatoes, and we could not exist without them.

However, we do have concerns. One processor buys about half of the crop in Prince Edward Island, as they are also active in the buying and selling of fresh or table stock potatoes as well. Many P.E. I. potato farms have grown over the years, as this company has grown. It has been a valuable relationship, and it still is. However, with that level of dependence, as an industry, on one company, it's obvious that if that company experiences difficulty, our farms experience that directly and their viability is weakened.

We have situations where buyers of our potatoes are also suppliers to our farms. What I mean is that some of the buyers are also major vendors of crop inputs, fertilizer and crop protectants. It makes good business sense for a farmer to buy some of his inputs from a company that buys some, or the majority, of his potatoes. However, for that farm to be competitive, it has to buy inputs at the best possible price. We do have competition at the input supplier level, but this buying and selling back and forth can create a challenge in this regard. In some cases growers are buying higher-priced inputs as a result of this influence with their buyer, and it is not good for farm viability or competitiveness.

As you likely know, on the retail side for some chains, purchase decisions are being consolidated into a single office for most areas of the country. This year a retailer advised its potato suppliers across Canada that they will pay a certain price for potatoes. This price will be the same across the country, and it must be met regardless of the supply situation or costs in an area. If you want to sell to that retailer, you'll meet that price.

A few weeks later we heard from other potato suppliers in our province that a second major retailer was going to follow this new pricing strategy. These two companies further advised that the set price would apply to all 10-pound bags, regardless of whether they are white, red, or yellow potatoes. Normally, reds and yellows sell at a premium due to supply and production differences, but with pricing policies like this, we have difficulty achieving those required premiums.

This is a new policy. It's the first time we've had experience with it, and we'll have to see how it plays out over the marketing season. But it does give us concern at this point.

This brings us to the Competition Act. We are dealing with buyers on the retail and processing side who are national, and in some cases multinational, in scope. They have access to supply and demand information from across North America, and often globally. The producer side has not had access to the same information, and that is not a level playing field.

We know we can talk about pricing and supply within our own provincial boundaries due to the powers our organization has under the Natural Products Marketing Act, and most potato organizations across the country have similar powers within their own province. However, we understand that under the Competition Act, it is not proper for us to talk about pricing and demand with provincial potato organizations in other provinces, whether it be Ontario, Quebec, New Brunswick, or B.C. It may also be improper to talk to them about their movement and supply situation.

Our buyers have this type of information, but we don't. How can producers make informed decisions about the production and marketing of their crops without this type of information? We operate in a highly integrated North American market for potatoes, and we are also affected by the global supply situation. We need to be able to discuss this with other producer organizations and to devise a system to better track supply and demand. We've been told that fishermen have exemptions under the Competition Act. If that's correct, could a similar exemption be granted to farmers?

On the solution side, we have an organization, the United Potato Growers of Canada, that was formed in 2006 to try to bring the supply of potatoes produced in Canada more closely in line with the demand. United of Canada has provincial potato organizations as members, and together we represent over 96% of the Canadian potato acreage. We've had some success trying to build our capacity to better understand the market, but we do need help. We're modelled on our sister organization, United Potato Growers of America, which was formed the year before us to do the same thing in the U.S. I have to emphasize that we don't want to short the market or any buyer, and we don't want to see prices go to unrealistic levels. However, stable grower returns should result when producers have better information about the market and what the market requires and can produce accordingly. All segments of the industry and the economy should benefit if we can achieve this.

United of America has access to very good pricing, shipment, and supply information that is gathered and published by the USDA. We can access this data, too, in Canada, as it's published on the Internet. United of America uses this information in weekly marketing calls. Through their analysis of this data, they now know that the U.S.

market can absorb approximately 1.8 million hundredweight of potatoes each week without oversupplying and causing a price drop. We have no idea what that number would be for Canada, and we're not even close to finding out. We need a system that is similar to what the USDA has. We feel very strongly that farmers will make the best possible decisions about what to produce and how to market it if they have access to accurate, timely information. We've had some success with this through United on both sides of the border, but we need more information to take us to the next level.

We know that business risk management and safety nets are not keeping farmers in business over time. Federally, we've moved away from market information in favour of other priorities, but we need to go back and build a proper, accurate, and timely system similar to what the USDA has. Some work has been done on this recently by Agriculture Canada, but it was done on a project basis by third-party suppliers. This soft money will not build and maintain the system we need. The USDA has staff and resources for their system, and we'd like to see Agriculture Canada and CFIA do the same. It isn't a project. It needs to be an ongoing line of work for our federal government. We further understand that if the government collects and publishes this type of information, it's available to all Canadians, and that is positive as well.

Another issue is market access. P.E.I. seed, table, and fresh-for-processing potatoes are exported to over 30 countries around the world each year. However, we see potential in other markets for our products, particularly the Asia Pacific region and North Africa. We're pleased to see the emphasis on negotiating more trade agreements recently, but we'd also like to see more resources for the CFIA's potato section so that they can negotiate country-specific phytosanitary potato agreements with key countries. The section is understaffed, and they seem to lack the necessary budget to get the work done. The U.S. industry gets a great deal of support from their federal government in terms of support and market access funding. This has enabled them to go after potato markets that were traditionally Canadian. We'd like to see that addressed as well.

“Buy local” initiatives are very problematic for us. The increase in these initiatives has made it more difficult for us to get shelf space, particularly in Ontario and Quebec. As a country, we should be supporting “buy Canadian”, as goods manufactured in other parts of Canada move freely and are sold in the Atlantic region. Some “buy local” initiatives, while well intended, are almost acting as trade impediments within our own country. Perhaps the Agreement on Internal Trade should look at this. We also realize that “buy local” initiatives are provincial rather than federally funded, but federal dollars are transferred to provinces, which are then able to support their farmers accordingly.

The exchange rate and transportation systems are also major issues for us. They impact all farms. We'll leave it at that for now.

As a final comment, I'd like to emphasize that we are very concerned about the decline in other types of agriculture in our province and nationally. Potatoes are grown in rotation with other crops, such as forages and cereals. With the red meat sector in crisis, our ability to produce and market the rotation crops is badly impacted.

• (1540)

We need a balanced agricultural economy in this country, and if we lose major sectors like hogs and beef, everything else becomes more vulnerable.

Thank you for the opportunity to address you today. I'll be happy to take questions later on.

The Chair: You are right on time.

Now we'll turn it over to Mr. Dave Smardon from BioEnterprise Corporation, for ten minutes or less, please.

Mr. Dave Smardon (Chief Executive Officer and President, BioEnterprise Corporation): Thank you, Mr. Chairman and members of the committee.

I truly appreciate the opportunity to speak to you in the hopes of helping to advance our shared goal of building and maintaining Canada's leadership position in the global agricultural marketplace.

BioEnterprise Corporation is a not-for-profit company that focuses on the commercialization of agri-technology. We are supported by 40 agricultural organizations, we have strategic partnerships with 15 groups in five provinces, and we work with the technology transfer organizations of the major agricultural universities.

At BioEnterprise, we see innovation on a daily basis. In just the past 15 months, our company has been introduced to over 300 new agri-based opportunities from across Canada, each with unique innovative products or technologies ranging in the areas of agri-health, agri-food, agri-forestry biomass, bioproducts, and clean tech. Unfortunately, the vast majority of these innovations will never make it to the marketplace. Most will languish for a period of time, then fade away because they cannot obtain the support necessary to commercialize their products.

My message to you today is that there is a new wave of agri-technology innovation occurring globally, and Canada can be part of that wave if we get our formula right. We can create new

opportunities for farmers and create new high-value-added jobs. With leadership, we can create the environment in which Canada can compete on the world stage. That leadership involves developing the tools to move our innovations from the research stage through to commercialization.

This new wave of agri-technology is going to be revolutionary, just as the development of computing technology has been. That is a field with which I am very familiar. I began my career in computing technology and have founded several successful software companies, some of which are still active today. I have worked for a number of high-tech companies focusing on venture capital and investment, including Apple Computers, where I headed the Canadian arm of their venture capital group.

My experience in the computer technology revolution tells me that the same scale of revolution is happening today in agri-technology. To highlight a few examples, consider the addition of omega-3 to dairy products, which stemmed from research done at the University of Guelph.

In the automotive and aeronautics industries, agriculture-based oils are being used in bio-based composites. The dashboards of BMWs, Chryslers, and Mercedes are made partially from bioplastics containing agricultural oils. The foam in the car seats of Mustangs contains agri-products from Canada. Wine pomace, which is the part of grapes usually discarded in making wine, is now transformed by a Niagara region company into high-value food and cosmetic ingredients.

These are leading Canadian innovations. However, unfortunately, in Canada, successes like these are extremely rare because we fail to commercialize the vast majority of our innovations.

Canada spends hundreds of millions of dollars annually on agri-based research, but study after study has shown us that while Canada has been among the leaders in agricultural research and innovation, our position on the world stage continues to fall. This is partly because of our inability to commercialize new, innovative agricultural technologies.

Other countries are now focusing on commercialization. Two years ago France created a \$250 million fund focused on the commercialization of new agri-based technologies. Brazil has a similar \$500 million program. These are not to be confused with research programs. They are focused solely on commercialization. On the other side of the world, India and China are quickly building world positions in new, innovative agricultural and agri-food products. In the United States, Indiana, Wisconsin, Illinois, Kansas, Iowa, and Texas have each developed new funding programs focused on commercialization. Lastly there is western Europe, where they are becoming leaders in the bio-economy through funding programs and commercialization clusters.

I would like to bring your attention to a study that was completed in February 2009 for Agriculture and Agri-Food Canada. The report, which is called "The National Commercialization Assessment: Taking Commercialization National", found a lack of support for commercialization within the agriculture and agri-food sectors. Furthermore, it linked Canada's abysmal track record in commercialization of new agriculture and agri-food products to the lack of support programs focused on commercialization of innovation.

It identified and reconfirmed the following critical issues: first, there is a lack of support within Agriculture and Agri-Food Canada for commercialization; second, there is no link between research conducted and the need to commercialize resulting innovations; third, while regional and provincial networks have been created, there is little collaboration or cooperation among them; fourth, there is no coordinated national strategy that will deliver best practices and the necessary suite of services needed within this sector; fifth, there is a lack of experienced entrepreneurs and no national mentorship or coaching programs to help them; and last, the agriculture and agri-food sectors have been almost entirely ignored by the venture capital and investment community.

• (1545)

This report makes a number of recommendations, but the most critical are the calls for the development of a national commercialization expansion program and for the creation of a national agri-technology commercialization funding vehicle. As an organization that eats, sleeps, and breathes innovation, BioEnterprise strongly concurs with the results and recommendations contained in this report.

I would like to elaborate on these two recommendations.

The first is for the development of a national commercialization expansion program. While there are a variety of regional and provincial service organizations across the country, they have the following problems: they operate in a regional or provincial vacuum, yet innovation and commercialization are global. Their services are incomplete, and most focus only on providing networking and introductory services. They're incapable of shepherding entrepreneurs through the commercialization process. Most organizations have no mentorship or coaching capabilities; expertise is available from coast to coast, but no organizations have the means of finding such mentors, nor do they have access to other mentorship databases that may exist. Best practices that exist in one part of the country may not be transferred to other regions. Finally, there is no formal collaboration or cooperation among these organizations.

The national commercialization expansion program would resolve all of these issues quickly and efficiently. A single entity would manage the development of a full suite of commercialization services that would be made available to entrepreneurs across Canada.

The second recommendation is for the creation of a national agri-technology commercialization funding vehicle.

By now most of us understand what is meant by the investment gap. Since 1999, the number of venture capital firms in Canada has dropped from 145 to fewer than 50. Investment incubators are gone, labour-sponsored funds are quickly disappearing, and the big

Canadian banks have left the industry. The few remaining venture capital firms either have no money to invest or are focusing on later-stage investments.

Traditionally, agriculture and agri-food have never been able to attract investment capital to their sector. Today there's very little capital available for commercialization in any sector, and this is particularly problematic in agriculture and agri-food.

The creation of a national agri-technology commercialization funding vehicle has three major objectives. The first is to accelerate the commercialization and growth of agri-technology and of innovative new companies in Canada. The second is to increase receptivity in the investment community for future investments in agri-technology. The third is to attract private sector investment from both domestic and foreign sources to Canada's agri-technology sector. These objectives are of equal importance, because successful commercialization of innovation will not take place without private sector investment.

The creation of a national commercialization expansion program and a national agri-technology commercialization funding vehicle would be a catalyst to drive agri-technology commercialization and greater participation by the private sector. For governments and society, new ventures represent jobs, innovation, new products in the economy, wealth creation, a wider tax base, and a healthier sector, but the problems in management of enterprise funding, product development, and market penetration are formidable hurdles for all new ventures. Addressing these problems is vital if Canada's agricultural sector is to evolve to produce high-value innovative products. Our ability to commercialize these innovations is what will drive success for Canadian agriculture and agri-food.

In closing, Mr. Chairman, I would urge the committee to look at the recommendations of this new national commercialization report on agriculture and give them careful consideration as a model for improving competitiveness in the agriculture and agri-food sector.

Thank you for the opportunity to speak today.

• (1550)

The Chair: Thank you very much.

Mr. Norton, you have up to ten minutes.

Mr. Greg Norton (President, Okanagan Kootenay Cherry Growers Association): Thank you, Mr. Chairman.

Thank you, members, for taking time to invite us over here. It has been a long journey, since late last night.

Anyway, we're here, and we're ready to talk about competition, and we're here to talk about cherries and related competition. For a bit of background, I'd like to give you a brief history of our organization.

We represent about 60% of the cherry production in British Columbia, which translates into more than 50% of Canadian cherry production. We were formed in 1998 and have experienced in our industry in the last 10 or 15 years a revival of the cherry industry, only because we've had a great partnership with Summerland's Pacific Agriculture Research Station. All the varieties that produce our top-quality cherries today, to make us competitive, were bred and developed in Summerland at the station.

We do collect a voluntary levy from our membership. We generate \$30,000 to \$60,000 a year in levies, which we partner up through the old MII, and hopefully soon with the DIAP program. We attract outside funding to do research projects, not necessarily to develop new varieties, but new techniques on how to handle and process our fruit and store them. We've had tremendous success with PARC. Our industry is truly a real federal-British Columbia cherry grower partnership that has produced a wildly successful story, up until recently, which is where I get to turn the page.

We have enjoyed great success. We do produce top-quality fruit, very large, firm, green-stem, flavourful cherries, which is what the markets want. We are known throughout the world as top-quality producers, again thanks to that partnership.

However, in the last few years we've seen a dramatic increase in cherry planting in eastern Europe, and particularly in the north-western United States, which is where we really want to concentrate our comments in dealing with what we think is the unfair flooding of U.S. cherries into our Canadian markets. They're hurting us everywhere in the world. We saw cherries arrive throughout the world and, in the 2009 shipping season, on consignment from the United States, from Washington State. It's really hard to demand a top-quality price for a top-quality piece of fruit if the Americans are offering it at 50% of what we're asking, to be profitable. It's very difficult, no matter what market we're in, to face a sale at those prices.

Really and truly at the base of this thing is that we're Canadian; we represent Canadian farm families. Like most Canadian agriculture producers, we're not corporate farms. We're Canadian farm families, as I am. I'm third generation. I have the fourth generation coming up, and the fifth one was born a year and a half ago. So we're looking to keep on going in this industry.

The question is, can my family farm compete with corporate America and the methods of business they carry out? That is the crux of this discussion. Like all commodities available, cheap American cherries in the markets have had a dramatic negative effect on Canadian farmers.

I'll speak specifically to the Canadian producer trying to sell cherries to Canadians. We estimate that considerably fewer than 50% of our producers this year will show a profit; they'll be operating at a negative level this year for cherry production in our province. As an example of that, last summer in B.C. we saw Canada Safeway offering Canadian cherries. They made a big deal out of supporting Canadian farmers. They were offering retail \$1.88 a pound. Doing some very quick and dirty math, that would be a loss to the producer of 5¢ a pound. It was really nice to see Canada Safeway telling us that they support Canadian food producers, but the reality is we're going broke while they're getting some advertising dollars out of it.

Why is that? It was because American cherries were available to them at severely low prices, at below our cost-of-production prices. So yes, they did buy Canadian cherries, but what's a sale without making a profit? I mean, anybody can understand that. That's only one example.

Again, before NAFTA the Canadian government made.... You know, we used to have rules and regulations that said that as long as there was Canadian stuff available, the Americans couldn't dump into our markets. It was great. We basically didn't have a guaranteed living built into that, but we certainly had market access. That was before NAFTA. Of course, that's all gone now.

We're not saying we should open up NAFTA and revisit all those old things, because we know it's probably not going to happen. Look at what happened to the cattle industry and to softwood lumber. Opening up NAFTA and these trade agreements is long, clumsy, complicated, and expensive, and we don't think it's going to happen.

What else can we do? It's really quite simple, Mr. Chairman. We think the Americans are dumping cherries here at below cost-of-production levels.

• (1555)

What we're saying is, why doesn't the Canadian government do its job and enforce the regulations that exist today? There are anti-dumping regulations. There are cost-to-production formulas within those regulations. We think those cost-to-production figures are woefully low. The numbers we've seen are so low that they don't even reflect the cost of production in this century. Just get out there and enforce the regulations and the laws that we already have. We think that would make it a little less easy for the Americans to dump into our markets, and that would be a good first step.

There were 8,448 tonnes of cherries sold into Ontario from the United States last year. This comes from the Northwest Cherry Growers, the marketing folks out of the Pacific Northwest. We produce less than that in Canada. According to numbers issued on August 17, Ontario produced 750,000 boxes, and they sold 850,000 boxes into Ontario. I don't want you to think that Ontario is the only bad guy. They do that all over the country. The United States, the Washington and Pacific Northwest shippers, target Canada because we're an easy mark. They can sell into Toronto and our other markets on consignment. It is against the law to do that, but it is common practice throughout the industry. They ship them over and tell the Canadian buyer to do what they can with them: "Make what you can and send us what's left over." This is common. This is decades-old stuff. We know this because our marketers try to sell cherries into Toronto and we get an awful lot of push-back from our Canadian wholesale houses. This is against the law.

The cherry growers are asking for government action. This is not a partisan comment. This is a government committee. You're all the government to us back there in B.C., regardless of what stripe you are. We are asking why the government is letting this go on. There are people breaking the law every day. It's not going to be easy to get to the bottom of this. It's very difficult. A lot of Canadians are making a lot of money off dumped or consignment cherries out of Washington State. They're not going to cooperate with us. But it's not impossible. If I'm able to convince you to get these agencies to go out and do their work, take the taxman with you. I'd sure like to see what that looks like. Go down to the old Ontario food terminal with the taxman at your side and see how that works out. We have to do something and we have to do it sooner rather than later.

As for the Canadian market, there should be some effort made to inform Canadian consumers that buying Canadian product is an investment in their communities, their provinces, and their country. We're selling a product that's raised, produced, and processed under Canadian health and regulatory guidelines on food safety. Americans can put in whatever the heck they want. The PMRA has been woefully slow in getting us the tools to fight pests. Guess what? Our competitors have those tools. That spray residue is coming in and forcing us out of business. That's taking the Canadian way one step farther than we think we should. It's time we started playing hardball with these guys. My stories aren't made up. They're all absolutely true. This is the reality of the cherries.

One minute? Geez, I've got so much more to say.

Okay. I just want to leave by saying that you all have my brief; I hope you do.

Selling cherries at less than a profit means nothing to us as Canadian producers.

Mr. Chairman, I will just point out to you that I got 10 days' notice of this meeting. I dropped everything. I asked my board to drop everything. We prepared that brief. Do you wonder why we did that? We did it because we think you're good Canadians. We think you care about Canadian agriculture. We think you'll help us and be part of the solution, so we can preserve this Canadian farm and family way of life. That's what this deal is all about. I hope for that.

Thank you.

Time flies, eh?

• (1600)

The Chair: Thank you.

You had 12 seconds to spare. We're glad that you dropped what you were doing. I know it's hard when you're a producer. I'm a farmer myself, so I can relate to that.

My thanks to all of you for being here.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Chair, and thank you, folks, for coming.

Greg, the dumping question is a serious one. We have several industries in trouble. We're losing the hog industry. We have beef in trouble. Potatoes are not exactly the cat's meow these days either, and you're saying that cherries are in trouble. What are you saying to charge dumping under? I do think our international trade department never seems to want to challenge anybody else. We're used to being challenged, but they never seem to stand up and challenge somebody else. On the country-of-origin labelling, our producers will be all out of business even if we win that challenge.

So what are you saying to charge the dumping under? Under NAFTA, under the Canada-U.S. trade agreement, or what?

• (1605)

Mr. Greg Norton: I don't have knowledge of trade agreements. I just know that the trade agreements woefully underprotect Canadian producers. It's my understanding that within some of these agreements there are cost-to-production numbers. Have I read them? I haven't read them. I'm sorry. But I've been told that and I believe that because—

Hon. Wayne Easter: We could certainly get from your organization some of those figures to look at what our costs are.

Mr. Greg Norton: We would certainly go to work and try to find it for the committee if they request that.

Hon. Wayne Easter: I think we need to consider that strategy, Mr. Chair.

Brenda, this new pricing strategy off the retail sector, the same price for yellow, red, and white potatoes—that's unbelievable. I didn't know that. Can you tell us what stores or what chains are doing that?

Ms. Brenda Simmons: I could, Wayne. I guess I don't know if I want to.

Hon. Wayne Easter: Well, you don't have to put it on the record here.

Ms. Brenda Simmons: Can we go off the record? Because, you know—

Hon. Wayne Easter: One of the problems I guess I have relates to the second question I'm going to ask you anyway. Everybody at this committee knows that when you contract with a processor for your production, you feel somewhat obligated to that processor, because if you lose that contract you may not be producing next year. It has happened, Mr. Chair, in Prince Edward Island, producers have told me that the two major processors in P.E.I. also sell crop protectants and fertilizer. Fertilizer has been brought in from Russia by container and other countries by container much cheaper. In fact a neighbour of mine saved \$60,000 on 400 acres of potatoes by bringing the fertilizer in himself.

However, the big boys, the processors, decided they weren't going to take a loss on the fertilizer they had brought in at December prices, so they very clearly told some producers, "Look, if you didn't buy your fertilizer for your grain, you'll not get a potato contract." I know the potato board is in a difficult position to even say anything on that. Producers are fearful that if they say anything or challenge anybody, they'll lose their contract.

This is a serious issue, Mr. Chair. I see you're shaking your head and I know you understand that.

I raise that, Brenda, because what I'm saying is true, from what you've heard, correct?

Ms. Brenda Simmons: On the way that deal is working, one retailer said they were going to use the Ontario board's minimum price. So when the Ontario board set their price at \$2, delivered to the distribution centres in Ontario, they said that price would work in Quebec, New Brunswick, and Prince Edward Island. If our guys were shipping to the distribution centre in Moncton or Debert, they had to meet that price. That might be doable on the whites, but as you know, with Yukon Gold it's very difficult to get a yield from that variety. It deserves a premium, and must have a premium, if you want growers to continue to produce it for consumers.

We share that information with the retailers. The retailers are not bad people, but they set these prices, and there's always someone who's desperate enough or has a crop out and no storage who will sell at that. That's what we're working against. If someone sells it at that price, it's very difficult for others to turn down that business. It just can't happen. Our yellow varieties are down 25% in Prince Edward Island this year, and reds are down at a higher percentage than that.

People want choice in the stores, and our growers want to give them choice, but they can't do it at a loss year after year.

On the processing side, that's very real and very scary. It would be difficult for a producer to come to address these things. I'm glad Greg's doing what he can on his side with the cherries. But for our producers to come here and tell you they paid \$1,100 a tonne for fertilizer this year while people in Manitoba paid \$750 for potato fertilizer or \$750 for Russian fertilizer—look at that price impact on a farmer.

• (1610)

Hon. Wayne Easter: As we did one time at the fisheries committee, we could have some individuals come before us in camera, so there's no public record of the meeting, to tell us how serious this is. That's one way we could do it. This is absolutely

wrong. It's domination in the marketplace. It's linked purchasing and selling.

You said that producer organizations across the country—and I don't have this quite right—are not allowed to glean information from each other. The USDA has it for producers in the United States. It's illegal for you to do so in Canada, but the retail sector can basically do whatever they damn well like. There's something wrong with this picture.

Ms. Brenda Simmons: They're doing their job on the retail side. If one person is buying for all of eastern Canada or Canada and they call up our board to ask about our supply situation, we tell them. We're frank with them and say we may have too many russets this year, for example—not that we do this year—and if they need to feature more russets so the market moves well, we can do that. That same call is made to New Brunswick, Quebec, and Ontario. They have all the information.

If I call Don Brubacher at the Ontario Potato Board and say, "I know your minimum price is this, it's a published price, but what do you see for movement, and what do you think the price will be in six weeks", that is supposedly not legal. That's not right.

The Chair: Thank you, Ms. Simmons.

Mr. Bellavance.

Mr. Brian Storseth (Westlock—St. Paul, CPC): A point of order, Mr. Chair. It's more a point of clarification, actually. I didn't want to interrupt Mr. Easter.

It is important to recognize that many of these are family farms, generational farms; therefore, they're going to be in the business for a significant amount of time. Anybody we do bring in should realize that the records are opened after three years, even in camera records.

Hon. Wayne Easter: They don't have to be.

Mr. Brian Storseth: It is actually a standing order.

Hon. Wayne Easter: We've done it on the fisheries committee and they weren't. So we need to check into the legality of that.

Mr. Brian Storseth: Some guys would be hesitant, if that were the case.

The Chair: That's a good point. Maybe we should talk outside and clarify that issue.

Mr. Bellavance, you have seven minutes.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you.

Thank you for your testimony. First of all, thank you for coming here. You know, we will probably be producing a very lengthy report on competitiveness. Many witnesses have testified, and it is very good to see that even more testimony will be added.

[English]

The Chair: Just hold it, Mr. Bellavance. We need translation for Ms. Simmons.

[Translation]

Mr. André Bellavance: No problem, this was just an introduction.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Each word is important, my friend.

Mr. André Bellavance: Mr. Lemieux said that everything that I had to say was very important.

An hon. member: That is true.

Mr. André Bellavance: Thank you, thank you very much.

[English]

The Chair: Mr. Bellavance, carry on.

[Translation]

Mr. André Bellavance: I was saying that we will probably be producing a lengthy report on competitiveness, with many new recommendations as well, no doubt. The reason why we will have recommendations is, of course, because of the fact that these issues have not been resolved. I do understand that we cannot resolve all of this overnight, but that means that there is a great deal of work to do, both for the government and for Parliament in general, with respect to the future of agriculture.

As Mr. Lemieux just said about my comments, all of your testimony is very important. We really appreciate your travelling here to tell us about your point of view.

Ms. Simmons and Mr. Norton, you both talked about the importance of buying locally. We know that consumers want to buy locally, however we have to ensure that there are no barriers or physical impossibilities preventing this from happening. Consumers looking at products that they really want to buy want to know whether these products come from their region. However, we have realized that, at some point, the regulations issued by the government have made it impossible to ascertain whether or not these products are local.

This leads me to my question on the labelling of products in Canada. Have some of your members experienced problems since the rules changed?

We know that the previous rules were unacceptable as well, because it was the total cost of a product that determined whether or not it could be designated as a “Product of Canada” and the bar had been set very low, at 51%. This led to some anomalies, such as the case where the jar, liquid, lid and manpower were from Canada, but the pickle itself came from India and yet the product was still labeled as “Product of Canada”.

So we changed the rule, which was necessary. However, our committee examined this issue and the consensus was that we should adopt the 85% rule for Canadian products. So if sugar or certain other ingredients are added to local products, nobody will be penalized by not being allowed to put a “Product of Canada” label on the product.

As for our 98% rule, which we have in Quebec at any case, I have heard many reports about the economic problems caused: companies have to change the packaging, the labeling and consumers do not know what to think because we are not allowed to write “Product of Canada” on a product that is in fact 87% or 90% Canadian made. We never reach the 98% mark, because as soon as you add a little bit of something else, you have a problem.

I would therefore like to know whether you have experienced this type of problem in your respective sectors, and I would like to know what you think about it.

• (1615)

[English]

Mr. Greg Norton: We don't have processing within our industry; everything is fresh. I think a lot of the problems occur when it gets into the processing part.

But we do have a problem. We have noticed this year that some Canadian buyers are importing American cherries, reboxing them in Canadian boxes, and putting them out in the market. It's not a huge problem. As far as the actual labelling, we think that Canadian stores are more likely to take fresh U.S. cherries and put a sign on them indicating they're from Canada when they're actually American. That's a problem we have noticed. But as far as the content and everything, it's not a major issue for us because everything is fresh. We have no processing of our product. Without processing, the risk or liability isn't as great as in your examples.

We've reported some of these instances of switching boxes to the CFIA. That's a regulatory agency without any enforcement—with no will, knowledge, ability, or desire to enforce. I have been involved in some cases where they've misrepresented American fruit as Canadian. That goes to my previous comments about just doing the job. Hire some people, get out there, enforce the laws of Canada, and we'll be happy.

Thank you.

[Translation]

Mr. André Bellavance: Ms. Simmons, obviously Prince Edward Island potatoes are 100% Canadian. However, there is the matter of processing, and your producers deal with processors.

[English]

Ms. Brenda Simmons: I haven't been made aware of any problems there. Potatoes usually are such high-percentage content, and the canola oils—the oils that are used—are also Canadian, so I'm not aware of any issues there.

As Greg said, there's definitely mislabelling in the stores. When you get to bulk potatoes, sometimes it says “Product of Canada”, when you know they're U.S. potatoes in the bag. It's the same thing even for packaged product, where they have a sign that says “Canadian Potatoes”, but it will say “Product of U.S.A.” right on the bag underneath.

So we don't have rules as they do, obviously, in the U.S. on the country-of-origin labelling. And not to switch too much, but that is an issue for us going into the States too. I know it's a big issue on the livestock side, but we have had buyers switch away from Canadian potatoes because of the separation and things they have to maintain down there too.

So sorry, no, because there's such a high percentage on french fries and so on, but I certainly am aware of it from other horticultural producers at meetings we go to across the country.

[*Translation*]

Mr. André Bellavance: You are raising a very important problem which means that even today, in 2009, we find that there are people who dishonestly—need we say it—misinform the consumer and obviously create unfair competition against our producers by importing products from abroad.

If the rules allow importing the product and if it is indicated that it comes from the United States, I have no problem with that. The consumer will choose. However, you said that even today, it is possible to lead people to believe that a product was made in Canada when it really comes from the United States. The rules at the borders are still being violated. How do you explain that and what solutions do you propose?

Mr. Norton, I know that you tried to change the situation. You said that you do not know all the NAFTA rules, etc., but what kind of recommendations do you think we could make with regard to this?

• (1620)

[*English*]

Mr. Greg Norton: Mr. Chairman, through you to the member, we're not technical legal people who understand trade agreements and the technical rules. I guess I would be urging this committee on Canadian agriculture to get to the bottom of it as well. We as an industry...the other member requested that we look into some of this for you. We can sort of do that. We can scratch the surface of it. But as to the actual realities and legally what they mean and whatnot, I think the government needs to embrace that and put it together for us. That would be one of the recommendations. Develop that understanding from your committee's level.

People within the CFIA, the actual people I've reported violators to, are very unsure of what the rule really means. Government employees have difficulty with it. There's a lot of confusion around that, so perhaps one of the recommendations could be to analyze what all the rules are and what they simply mean, so that producers, wholesalers, consumers, and, more importantly, the enforcement staff can understand what their job should be, because there seems to be, from our perspective, a real disconnect, a lot of confusion about the rule.

The Chair: Thank you. Your time is up, but just as a follow-up, I first have a comment to yours, Mr. Norton. Product-of-Canada labelling is pretty clear to me. There's some debate about whether it's too stringent or whatever, but that's irrelevant. It's clear.

Ms. Simmons, to your comments, I just have a question. You stated that you know where there are instances of American potatoes being labelled "Product of Canada". That's against the law. My question is whether you or your organization, when you know that—

and I'm sure you can back it up—report that to the proper authorities, and if so, what has been the response to that?

Ms. Brenda Simmons: I'm glad you asked me this because I do want to clarify. What I mean is not mislabelling on the packaging. I mean in the stores, when you go in and the price is there above the display. It might say "Product of Canada, \$2.99 a bag". I think in a lot of cases that's not deliberate. I think it's kids working in produce aisles and putting signs up along the way and maybe not realizing how important that is to people.

The Chair: Okay, so it's not on the product itself.

Ms. Brenda Simmons: In my case, it's not mislabelling in the legal sense.

The Chair: Okay, but that's a good point that I think we and the food industry or the grocery store industry need to be reminded of.

I'd just say to our analyst here that I would hope that's something in there, because it's a good point. It probably isn't deliberately done, but who knows? It's not correct.

Mr. Allen, you have seven minutes.

Mr. Greg Norton: Can I respond, Mr. Chairman, just quickly?

The Chair: If you're very, very brief.

Mr. Greg Norton: I have a very personal experience with this. I reported that an illegal shipment of California nectarines was being sold at a market in Calgary as "Canadian".

The Chair: Was that since the new rule has come in?

Mr. Greg Norton: It was a year ago, the summer of 2008.

Regardless of that, I handed them the case, with photographs, names, delivery dates, and pick times. The CFIA bumbled it so badly and handled it so unprofessionally, Mr. Chairman, that I would never do it again. I just wouldn't waste my time doing that. I spent days and days on it, and they didn't do the follow-up this growing season, which they promised to do. It was a complete embarrassment to all of us as Canadians.

The Chair: Just on a personal basis, I would be interested if you sent that to my office, and you should do the same with your own MP. But I just want to make sure that happened after the new rule and not before it, because that's an important point.

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

Mr. Malcolm Allen (Welland, NDP): Thank you, Mr. Chair, and thank you to all of you for being here.

It's fascinating to see the thread tying together the story of the farms, especially the family farms, in this country, all of which do not seem to be doing well, if I can use that term.

I hear what you're saying, Ms. Simmons, when it comes to P.E.I. potatoes in Ontario.

I also know, Mr. Norton, what's happened to cherry farmers in southern Ontario, on the Niagara peninsula, where I come from. They're pulling them out there; they don't keep them. They're not even going to bother staying in the business any more. There are some very large producers who have been in the business of cherry farming for as long as I can remember, from the time I was a kid growing up in that neck of the woods. They're out of business, as well as the clingstone peach growers, who lost CanGro.

I was in a grocery store not long ago, probably a couple of weeks ago—though I don't go to it too often, but I happened to be there at that particular time—and there was a can of peaches. “Product of CanGro”, it said, the producer in St. David's that used to take those peaches. The peaches were in exactly the same container the manager had shown me as one of their *pièces de resistance*. “This is our new marketing tool,” he said. Yet you flip it around, and it says, “Product of China”. Every clingstone peach grower basically in the Niagara peninsula is out of business.

When you talk about the family farm and cherry producers in British Columbia, and when Ms. Simmons was talking about family farms in P.E.I. making potatoes, and we talk about buying local, the folks who I live close to, when they think of buying local, they think of buying local in season, in the sense that if tomatoes are grown in the peninsula, where they are; or fruits or vegetables are grown in the peninsula, where they are. They buy local. They're thinking basically about the market stand and that time of year. Then when they think of buying local after that fact, they're thinking about Canadian product.

In my area, at least, the folks are saying they don't want to buy P. E.I. or British Columbia produce. What they're saying is they want to buy from a local producer first, who might be up the street. In some cases, they are. It's not a very far drive in our neck of the woods, which some of you probably know.

From that perspective, why at this point, Mr. Norton, is the cherry industry in British Columbia coming to a head now? From what I've seen in the peninsula, they basically just said to heck with it. They simply pulled them out. I watched them pull out acre after acre after acre.

• (1625)

Mr. Greg Norton: I guess, Mr. Chairman, there are probably three major reasons why. There's the economics, obviously. There's been a dramatic overplanting of cherries in the Pacific Northwest of the States and in eastern Europe. Europe has been a very lucrative market for the export part of our industry. That industry has really grown. In agriculture, when there's somebody making money, everybody else overplants it. That's a fact of life.

It was a perfect storm, because they started planting about eight to ten years ago in the Pacific Northwest, and there's been severe frost the last two winters. Basically, those trees stayed in the ground and continued to grow, and their ability to bear more fruit increased.

However, they didn't bear fruit because of the winter and spring frost. So all of a sudden we had all of this extra acreage hit, with a massive crop, as opposed to crops slowly coming onto market and people getting ready for them. We saw that.

And then, of course, the high dollar has had an absolutely huge effect on us. When I started exporting cherries, all of my profit was from the 35% exchange rate I had. We broke even on the actual dollars and then my wife and I lived on the 35% premium on the exchange rate. It was wonderful to take a \$50,000 cheque to the bank and come back with \$70,000 or \$80,000. It was just like a big party, and it definitely was. So there was that.

The other thing I think we want from the food safety and “buy local” momentum going on right now is that little bit more of a premium we think Canadians are ready to pay for Canadian-raised and produced fruit.

The combination of all of those things makes us very anxious to continue to preserve this, and in fact to expand in Canada. So those are the reasons for the timing: it's a matter of buying local, the carbon credits, and the climate change momentum. If we can sell closer to home and make money that way, we think that's the way to go from a marketing perspective.

Mr. Malcolm Allen: I certainly commend you and your fellow growers in British Columbia, because I know how our folks have been doing at home, where they have just faced.... Mind you, they're early harvesters, not late harvesters, of cherries in the peninsula. They don't have much choice based on our climate in the peninsula. So they didn't have that ability to be late harvesters, and maybe if they had, it may have preserved some of our crop.

I know you've indicated a number of things that you think all of us in government—and I use the term “government” loosely, in the sense of all of us—should be doing. I say that with great respect for my colleagues across the way, who are the government—but you've mentioned that term. I know you've articulated a couple of things that you think we ought to be doing to make sure that family farms across this country, regardless of the crops or livestock they are in, whatever they happen to be, somehow manage to survive with our help. I'm just wondering if you've left any out or have some additions to make to that list. Feel free, sir.

• (1630)

Mr. Greg Norton: Thank you for that wonderful opening. I thought I was talking too fast before, but apparently I wasn't.

Thank you for that, and Mr. Chairman, if I may, there certainly are additional things we could do. I did mention briefly that there's an opportunity for the Canadian government to do some advertising and promoting of Canadian farm products—not just cherries. I think that would be wonderful.

We also need help in developing offshore markets. There are a few opportunities left in the world: China, Japan, Brazil. We're already working with Stockwell Day. We've met with him about trying to get into China. But you know, at any opportunity, any member of government can fit Canadian food products into the beginnings of the other trade agreements that are going on—we'd certainly like you to slide cherries in there right at the top—and things like that.

Also, there's the recent movement in British Columbia toward a combined HST tax. We've been working on that forever, and we think it's a really positive thing and that the farmers are ultimately going to benefit from it.

There are also things like the environmental farm plan, under the Growing Forward framework. It's an excellent, excellent entry level program into food safety and environmental stewardship programs, which give us an opportunity to tell our Canadian consumers that we're growing with a conscience and we're aware of the impacts on the environment.

I guess that's it. Thank you very much for that, sir.

The Chair: Your time has expired, Mr. Allen.

Mr. Storseth, for seven minutes, please.

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

I will let you know at the beginning that I will be sharing some of my time with Mr. Richards.

I'd like to thank the witnesses for coming today. They had very captivating presentations. I think it's very important that we have people such as you, from the different regions, coming and talking to us about some of these issues.

Ms. Simmons, I found your presentation particularly interesting. You said that you've had over 11 inches of rain since when?

Ms. Brenda Simmons: In the month of October.

Mr. Brian Storseth: In the month of October alone. Wow. The potato fields must be just...

Ms. Brenda Simmons: It's bad. Last year was bad too, and we thought, well, we're past that, but this year it just started in October and hasn't really stopped. Normally the guys need to be done by October 31, when we get into real heavy frost, and they're just.... Every time it dries out, it rains two days later and you're back at it again for another two days.

Mr. Brian Storseth: How's the frost been?

Ms. Brenda Simmons: We had one bad frost, and last night I guess they had another frost. They can handle a bit of this, but it's a major concern.

Mr. Brian Storseth: Time is of the essence.

I appreciate the submissions. I've been on the committee for just about two years now, and I've not heard any of these issues with P.E.

I. potatoes coming forward, and I certainly don't hear of them in the House, so it's good to have you here talking about these issues.

You talked about—

Hon. Wayne Easter: On a point of order, Mr. Chair, I would advise the member to go and look at the record of the House. I know the game he's trying to play here. Potatoes have been brought up in several speeches. Don't give me that.

Mr. Brian Storseth: Well, Mr. Chair, can I reply to that point of order? Actually, there have been over 160 questions by the Liberal Party of Canada since this summer. The member from Malpeque has only asked two questions on agriculture, and both of them pertained to western Canadian issues. Neither one of them pertained to potato issues.

An hon. member: That's shameful.

Mr. Brian Storseth: I don't want to get into that; I'd rather talk to the witnesses who are actually representing the region.

The Chair: Let's address the witnesses.

Mr. Brian Storseth: Sorry about that.

One of the other things you brought up was the “buy local” issue, and the “Product of Canada” issue is something that one obviously thinks about on hearing about buying local. I'd like to get your response to the “Product of Canada” regulations and the changes that were made to them.

I'd also like to hear a little bit more about some of the.... I have to be honest with you that Minister Shea was the first person to bring to my attention the fact that P.E.I. obviously has a different situation than a lot of places, particularly in Ontario, when you talk about buying local. I say this because you're naturally prone to export and you want access into some of these markets.

If you could just expand a little bit more on those issues, then I'll have some more questions for you.

Ms. Brenda Simmons: Thank you very much.

The change in “Product of Canada” labelling really didn't affect us in any way that I'm aware of. As I say, on the fresh side, it's all labelled “Product of Canada” anyway, and on the process side, you're really just dealing with potatoes and vegetable oils, and they are all Canadian in nature. So I'm not aware of anything there.

● (1635)

Mr. Brian Storseth: So was it a positive, then?

I ask because what's been done is to take the old “Product of Canada” label, which was okay as long as 50% of the product was made over here, and now it's been made a gold standard of sorts. Do you see an advantage for P.E.I. potatoes from that gold standard being there? Is there an advantage from that when you're selling into Canadian markets and the other markets you sell into?

Ms. Brenda Simmons: I'd really have to do a little more research on that, because I deal mostly on the fresh side. We do have processors and so on, but they do their own marketing. We help with marketing on the fresh side, but what they're doing and whether they're able to capitalize on that, I don't really know.

Mr. Brian Storseth: But just give me your gut instinct on it.

Ms. Brenda Simmons: It wouldn't hurt us. I know there are some products, like "Europe's Best", that come in with potatoes from Europe in them. I don't know how those companies are dealing with that, but it's a very small part. We're really dealing with Canadian and U.S. products on the potato side.

It definitely should help. I've been around the Canadian Horticultural Council meetings for years and I know it's a major issue for other horticultural crops.

Mr. Brian Storseth: Excellent. I appreciate that.

Mr. Norton, you were talking about, as Mr. Easter said, some very real issues that we obviously need to deal with. Would you be able to table with the committee some of the information you talked about, so we can actually see it for ourselves and how egregious some of these things on the ground truly are?

Mr. Greg Norton: Yes, I'd be happy, Mr. Chairman, to supply that. It'll take some time.

How tight is the timeline?

Mr. Brian Storseth: As quick as you can, but obviously you have other things you're working on as well.

Mr. Greg Norton: But this isn't that important. There are all sorts of stories and experiences out there.

Mr. Brian Storseth: I'd be very interested in seeing those.

Mr. Greg Norton: Okay. We'd be happy to supply them.

Mr. Brian Storseth: As we will be making a report, a submission, to the minister and the House on this, it would be nice to be able to include some of the pertinent information on that.

Mr. Greg Norton: Correct. Thank you.

Mr. Brian Storseth: I give the rest of my time to Mr. Richards.

Mr. Blake Richards (Wild Rose, CPC): How much time do I have?

The Chair: Mr. Richards, you have a little over two minutes.

Mr. Blake Richards: Okay, I'll have to be quick.

Thank you all for being here today, first of all.

I guess I'll start with Mr. Norton. I had the opportunity this summer to spend some time in your neck of the woods, out in the Okanagan. My son was in a hockey camp out there, and I had a chance to eat so many of those cherries out there, which I love, I thought I was going to turn into a cherry. I surely enjoyed that. And some of the other fruit out there, the peaches, etc., I enjoyed like I can't believe.

I'm curious that you focused specifically on cherries when you talked about the dumping that's happening in the market. I just wondered if you are seeing that with a lot of the other fruit as well.

You are, eh? It's pretty much right across the board with all the...?

Mr. Greg Norton: Yes, it's pretty much across the board. We experience flooding from the Americans specifically with soft fruit. The apple deal I'm not that familiar with, as I don't raise any apples.

But if you recall last year during the Beijing Olympics, we saw Galen Weston on our TVs telling us how much he supports Canadian farmers. It was just awesome. I was very proud, as a Canadian. One of the guys was a very good friend of mine, the cherry grower. I was thrilled. But three weeks later I threw 3,000 pounds of my beautiful big black plums into the compost because Galen and everybody else—all the wholesalers—had bought the tail end of the California plum deal. They dumped them into Canada, so I threw mine into the compost. And the ones that I did sell, I sold at about just over a third more than I did the year before.

So, yes, it's pretty much across the board. It's a marketing strategy they have. I mean, we're really easy, eh? They can put just about whatever they want into Canada. We don't challenge anything, so we're a great place to get rid of stuff at the tail end of a deal.

Mr. Blake Richards: Okay.

I assumed it would likely be across the board, but I wanted to make sure of that.

• (1640)

Mr. Greg Norton: Yes, it is.

Mr. Blake Richards: Just with the little bit of time I have remaining, I'll maybe ask a question. All three of you are welcome to answer.

I'll start with you, Mr. Norton, because you mentioned you are the third generation on the farm, and you have the fourth on the way and hopefully even a fifth. You've just seen him born.

Mr. Greg Norton: She's on the ground.

Mr. Blake Richards: Certainly, I come from a long line of farmers as well. Obviously it's not something I'm currently doing, but it's certainly something I have a major concern for; I want to see the future of the family farm remain.

So I'll just ask all of you—and Ms. Simmons, you may want to answer as well—do you see a future for the family farm in your particular sector? If so, what's the one thing that might be most important in ensuring that? Are they things like opening up new markets? Is it lessening the regulatory burden? Is it more freedom of choice in your marketing? I heard Ms. Simmons mention that in particular, and I know I've talked about that many times in regard to, say, the Canadian Wheat Board, as an example. And then maybe another idea might be opportunities for more value-added.

So those are just a few suggestions. I was just curious if you see a future, and is one of those things the key to it?

Mr. Greg Norton: Just to answer that first, Mr. Chair, if I may, it's a very appropriate discussion, because it's one that my wife and I are having an awful lot these days.

We have a 30-year-old son who's working in the oil patch in northern B.C. He makes more money than all us in this room, if we combine a bunch, and it's very difficult for me to talk to my son.

I'm 57 years old now, and we need to retool. We are working on the basics of a dried cherry business that we're trying to develop. We need to switch up some varieties and look at some new markets, given what we're talking about here. So we're at a retooling stage.

The foundation is there. My grandfather planted the foundation in 1921. We're in a position now that we have to go with the next generation, and I need my son's energy. It's really difficult for me.

I'd love to respond to that question with a really good answer, but right now I'm competing with a huge wage in the north and I just can't draw him back. I don't have anything to offer him to bring him back to the farm, other than a whole mess of work and no money at this point. So it's difficult.

The Chair: Mr. Valeriote, you have five minutes.

Mr. Francis Valeriote (Guelph, Lib.): Mr. Chair, I'm hoping you'll be generous with the time you give Mr. Smardon, because—

The Chair: Mr. Valeriote, I'll keep track of the time.

He was just a few seconds longer than Mr. Easter.

Mr. Francis Valeriote: Okay. Thank you, Mr. Chair.

In answer to one of Mr. Richards' questions, I think one of the solutions to the family farm crisis right now, in large part, is found in the rather compelling argument made by Mr. Smardon in his presentation. I was very impressed with it.

Mr. Smardon, on that point, I have for some time been talking about turning all this wonderful research that's out there into jobs. In fact, farmers will not only feed cities, but they'll feed industry in the future if we can get our heads around this concept.

I've witnessed the production of dashboards from plastics, and in fact they make seats, I think you said, out of soybeans.

I'm going to get right to the three questions I have of you.

First, you mentioned the national commercialization assessment that was completed for Agriculture and Agri-Food Canada. What is the status of that report? Has it been received by Agriculture and Agri-Food Canada, and has there been any action or have there been any recommendations from that?

Secondly, can you expand a bit more on the point you made about the industry being ignored by venture capital and investment? Are there concerns beyond those relating to funding, and has that been particularly problematic in the agriculture and agri-food industry?

You mentioned two solutions. One that you raised is funding, but the second one, the one I want you to speak about, is this commercialization expansion program. Are there other examples that you can give us, and what exactly do you have in mind with that?

Mr. Dave Smardon: Mr. Chairman, I'd like to thank the member for his questions.

The national report was delivered to Agriculture Canada back in late January or early February of 2009. I'm not aware of the direct impact on policies of that report; I wouldn't be aware of it anyway. I hope it's being utilized in producing new programs and so on, but I don't know for sure. They've had it in their hands for nine months.

With respect to the problematic lack of venture capital, perception is almost everything in our world. One of the issues we have among the investment community is that, first of all, they don't understand agriculture or agri-food, so it's an education issue. The second issue, with all due respect to the farmers and producers, is that a negative aspect comes out when farmers and producers are driving their vehicles around Queen's Park. The investors pick up the *Globe and Mail* and see that picture on the front page and wonder why they would invest in a money-losing industry. Again, they don't understand the dynamics of the industry and where the opportunities are, but that's the perception they have. We've struggled to change that perception. The third aspect is that investors invest in what they know. If you have major money in the oil patch and you've made a lot of money, you're going to reinvest in the oil patch. In the case of the high-tech or medical community, where we have seen a boom take place, we now have plenty of entrepreneurs who became investors and are now investing back into those communities. We don't have that list of successful entrepreneurs in the agricultural industry in Canada. We have to build that and attract other investors into the industry. That's what I mean when I say it's problematic.

The third point you asked about was the commercialization expansion program.

We have a variety of organizations from coast to coast that dabble in certain aspects of commercialization, and the report lists them all. Some of them, for example, will put on breakfasts and invite entrepreneurs in. They'll try to introduce entrepreneurs to other entrepreneurs in the hope that the introductions will result in some form of commercialization. It's a very hands-off approach, and 90% of the time it doesn't result in very much.

In a couple of models—and you'll see this in Israel, France, and parts of Australia—the entrepreneur needs to be shepherded from the very beginning all the way through until his product is in the marketplace, because he may have regulatory, marketing and distribution, licensing, or legal issues to deal with, and very few entrepreneurs know it all. They need this help.

Setting up a standard, a suite of commercialization services across the country, will allow somebody who is located in Truro, Nova Scotia, or Laval, Quebec, to get the same service that you would expect in downtown Vancouver, Calgary, Saskatoon, or Toronto. That is not the case today. Today you have expertise in certain areas, but no expertise and no service in other areas. That's detrimental, because a lot of the research and commercialization that need to be done are in the non-urban areas.

• (1645)

The Chair: Your time has expired, Mr. Valeriote.

Mr. Shipley, you have five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you so much.

I thank the panel for being here.

First of all, both to Mr. Norton and Ms. Simmons, I very much appreciate having the folks who are on the ground here at this committee. I know a number of potato producers in my area. We don't have a lot of cherries grown in my area, but in Ontario we do.

Ms. Simmons, is the issue you talked about, which we're going to look into, a federal or a provincial regulation?

Ms. Brenda Simmons: Do you mean in terms of a buyer who is also a seller?

Mr. Bev Shipley: You said there was a concern that had to do with market share and inventory of specific varieties and all that stuff, and that if you called Ontario, it's sort of illegal. Is that provincial or federal regulation?

Ms. Brenda Simmons: It's federal. I believe the issue is with the Competition Act.

Mr. Bev Shipley: I'm just checking, because I wasn't sure.

Mr. Norton, can you supply the domestic market?

Mr. Greg Norton: No, we cannot, not totally, but we want a bigger share of it.

Mr. Bev Shipley: I'd like to move to Mr. Smardon.

BioEnterprise, I understand, was set up in 2003 and funded federally and provincially. Is that all the provinces?

Mr. Dave Smardon: No, the funds come from Ontario only right now.

Mr. Bev Shipley: So you were funded in 2003....

Actually, you have a very interesting report, and I appreciate it. You are rather negative, but the report brings out some things that raise some interest.

What is your mandate since 2003? I'm wondering whether you have something you could talk to us about among your accomplishments.

Mr. Dave Smardon: The mandate of the organization—as I understand it, from the get-go, from day one—was to promote innovation within the agricultural community and seek out new, innovative products that would bring value to the agriculture community. We focus away from commodity-based products and more towards ways to save the farmer-producer money—in the form of processing costs, for example—or ways to add value.

One example of success stories would be the wine product I mentioned, whereby we are saving the Ontario wineries anywhere from \$35,000 to \$100,000 a year by taking their product and giving them back revenue in exchange for producing the wine flour, which is used in the ingredients business and the cosmetic business.

• (1650)

Mr. Bev Shipley: I'm still not clear about the organization and the structure of it, when you have the federal government and one province. You're speaking for it. How does the funding ratio work? And why haven't the other provinces bought into it, do you know?

Mr. Dave Smardon: We're funded under the Growing Forward program, which I believe has a 60-40 split.

Mr. Bev Shipley: When you talk about what you did for the wine industry, is that 60-40 for Canada and Ontario, with only 60% for the other provinces?

Mr. Dave Smardon: You'd like to make that mathematical equation. It doesn't work that way.

Mr. Bev Shipley: No, I'm just trying to understand it.

Mr. Dave Smardon: The original mandate was for Ontario only. The mandate has changed. It is now a national mandate. We are in discussions with the other provinces: Manitoba, Saskatchewan, Alberta, B.C., ACOA in the Maritimes, and Quebec.

One of the ways we work is through the partnerships we have. We have a partnership with CQVB in Quebec, Ag-West Bio in Saskatchewan, AVAC in Alberta, the composite centre in Winnipeg, and so on.

Mr. Bev Shipley: Okay.

You were talking about the national commercialization and expansion program. Then you said a while ago, speaking about the entrepreneurs across the country, that there doesn't seem to be entrepreneurial expertise in all areas for getting through the regulations and understanding them. Are you suggesting, then, that this is what this national commercialization and expansion program would be, that it would be actually an expansion of that—because that's what it says—and that you would be the one to go to for all things?

Mr. Dave Smardon: It wouldn't necessarily be us, but there is a need for organizations like, I'll say, ours and like Ag-West Bio, for example, in which there is specific knowledge. They have areas in which they do much better than we do, and we have areas in which we do something better than they do. Those two areas need to be distributed across the country so that others can do the same thing in the same manner, and that's just not the case today.

The manner in which it gets done will be through some form of partnership with the organizations that currently exist. We don't want to create new organizations. The half-dozen to a dozen organizations that currently exist would then be in a much better position to offer commercialization services than they are today.

The Chair: Your time's up, Mr. Shipley.

Ms. Bonsant, please. You have five minutes.

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): Thank you very much.

Mr. Smardon, I would like you to provide me with some information about crop science and functional foods. I would like to have some explanations, please.

I have no idea what that is about.

[English]

Mr. Dave Smardon: Agri-technology, or agri-tech, includes any product, technology, or service that finds its basis in agriculture, in either animal science, crop science, or producer farm management. It's very broad. It can be things such as functional foods and nutraceuticals; agricultural products are used in functional foods and nutraceuticals. It can be alternative energy, in which you take the feedstock from agriculture and produce ethanol and butanol. It can be bio-oils and bio-fibres that are used in carpets and paint thinners. It's any product or technology that has a foundation in agriculture.

• (1655)

[Translation]

Ms. France Bonsant: All right.

Do you receive subsidies from the government for research and development? I am not only addressing you, Mr. Smardon, but you as well, Mr. Norton. In Quebec, we have many small family farms that do the second and third stages of processing.

Do you know if there are any subsidies for research and development regarding cherry farming? You could make a black-currant drink — an extraordinary drink — out of cherries. Instead of throwing cherries away, we may as well be making drinks with them.

[English]

Mr. Greg Norton: You have to understand that I come from British Columbia. Quebec farmers enjoy the largest infusion of provincial money into agriculture throughout the country; B.C. has the least support from the provincial government. As far as developing innovative things on the family farm is concerned, our culture on our farm doesn't do that. It's ultimately been left up to the industry as a whole to create the juice plants and the processing plants and things like that.

Without a large population very close.... Your farmers enjoy a rather close market for all the innovations and little ideas that come out. Having that market access makes it a lot easier. We have a much smaller population than we would need to go for that, so it's not part of our historical culture. The small side business hasn't been there.

However, my wife and I are starting a dried cherry business. We just started, last year a little bit, and more this year, but we prefer to do it without government subsidy, because the strings attached to

government subsidies are far too time-consuming. We'll just do it on our own, thanks very much.

Mr. Dave Smardon: We don't have access to research funding either, but there are various programs across the country to which we can help introduce the farmer, producer, or entrepreneur, and then help them arrange the research funding.

The Chair: You have a few seconds left.

[Translation]

Ms. France Bonsant: Ms. Simmons, I would like to know how the potato market works. Is the product purchased by a broker who then distributes it, or do you sell potato products directly, frozen or otherwise, for example to the McDonald's chain, or does someone else do it for you?

[English]

Ms. Brenda Simmons: In our province, our potato board licenses people to sell Prince Edward Island potatoes. We license one group that's a dealer, which can sell to Canada, the U.S., and Puerto Rico. The others are exporters; they go offshore. That's only on the fresh product, on seed potatoes or fresh potatoes such as you would buy in the grocery store. Those people sell to brokers sometimes, or they sell direct to a retailer. More and more, the retailers want to go direct.

On the processed side, it's the same thing. Cavendish Farms and McCain go directly to McDonald's or Wendy's or KFC; they sell directly. But they also sell to retailers and sell offshore through brokers as well, in some cases.

The Chair: Thank you.

Mr. Lemieux, you may have a last round.

Mr. Pierre Lemieux: Thank you, Chair.

I want to ask Mr. Smardon a couple of questions.

First of all, I liked your presentation because it focuses on a key step whereby you move research that we develop in labs to the market. It's unfortunately a high-risk endeavour. In fact, this is where venture capitalism comes in—people who are willing to take a lot of risk, because for every 100 products that look really good, a small number actually become successfully marketed to consumers or to industries and eventually to consumers.

Could you comment, first of all, on this risk? I'll call it a high level of risk.

The second thing is, could you comment on whether you think the government should be involved during this transition stage, if the risk is so high?

Perhaps the third question I'll ask is, what would you propose as risk mitigation strategies, in other words things that would actually lower the risk? Is it possible to lower the risk?

• (1700)

Mr. Dave Smardon: Mr. Chairman, there's no question, these types of ventures are extremely risky.

If you read the *Globe and Mail* and other papers, they will tell you that the venture capital business model is broken. What you're seeing now is a movement toward more of what they call hands-on investing, where the investors are very active in the businesses. This is almost like an incubation model. So one of the ways we see, not only in a proposal but what's happening in the marketplace today, is to have a very hands-on model. You can't have a fund without having mentors and coaches. So anything you would consider investing in, you must be able to take these people and put them into the business to help move it along.

Mr. Pierre Lemieux: Do you think the government is well set up to do that?

Mr. Dave Smardon: No, I do not.

So that's one aspect of mitigating the risk. Another way to mitigate the risk, where government can play a catalytic role, is to provide some form of grants or loans—the preference would be loans—to early-stage ventures. These are repayable loans, so we'd not be giving money away to early-stage companies. We'd simply be backfilling some of the moneys that would be brought to bear by the private sector. The loans would not be available without private sector money. You'd have to have a matching program. The private sector must be engaged in bringing this money to the table.

The intent here is not to have government giving handouts to business. The intent is to be a catalyst to kickstart the private sector into putting money into this sector.

I think I've answered your questions. I'm not sure if I've missed one.

Mr. Pierre Lemieux: Perhaps one other question would be.... You gave some good examples of where agri-products are involved in a final product that we might not normally assume, like in foam seats, etc. If the government were involved in this key step of moving something from the research lab to the market, how would one differentiate between all the different types of products and what actually has agri-content and what has less agri-content? Where would we start drawing lines to say something is worthy of effort because of its agricultural content, but another thing has less and something else has none? What's the model for that?

Mr. Dave Smardon: You bring up a very good point. There is no hard and fast criteria at this point in time that says if it's 10% agricultural oils, it doesn't fit; if it's 11%, it does. I think what we have to do is look at each individual opportunity to see what is the benefit and the impact to the Canadian agricultural community and to Canadian business, and if there's actually an opportunity to help build and maintain a leadership role in a particular facet of agriculture.

If your customer base is the auto industry, 10% agricultural oils may be sufficient. But 10% may not be sufficient at all if you're producing carpets or something. It depends.

Mr. Pierre Lemieux: Thank you, Mr. Chair.

The Chair: Thank you.

Before I thank the witnesses, I'd like to follow up, Ms. Simmons, on a comment you made in your presentation. You had concerns about “buy local”. I guess, frankly, as a farmer and as a member of the committee, it kind of surprised me, because it goes against basically everything, pretty well, that this committee has heard from every commodity group, particularly two and a half years ago when the committee travelled across the country to every province, hearing input from producer groups. We heard in every province from I believe every commodity group promoting “buy local”.

I think “buy local”, if you want to take it farther, is “buy Canadian”. So I'm kind of surprised, and I don't know whether you want to comment on that or clarify it.

Ms. Brenda Simmons: Sure. Thank you.

We like “buy Canadian”; that works for us. As somebody said before, we have 140,000 people and 85,000 acres of potatoes. We can't eat them all, so we need markets out of our province.

We've really found, to be quite honest, that when we meet with our friends in Quebec, they've done a tremendous job in dealing with their retailers and having their support in selling Quebec potatoes. Our market share in Quebec has really dropped drastically, and they've done a very good job on quality and everything else.

When we go to Ontario, too, we're running into “Foodland Ontario”, for example. I don't pretend to be an expert on “Foodland Ontario”, but we're being told they don't want to list us in the stores because of promotions in certain periods of “Foodland Ontario”. So we're bumping into that, and it's really affecting our ability to get in the market earlier. We used to be in Toronto, definitely by late September and so on. Now we're not there until some time in November, and it's getting moved back all the time.

As I say, we like “buy Canadian”. We do buy products from the rest of Canada for other needs in agriculture and in manufactured goods—cars, all that type of stuff; we simply find that it's a bit of a trade impediment for us with a lot of retailers.

• (1705)

The Chair: Thank you.

Thank you for coming today, Ms. Simmons, Mr. Norton, and Mr. Smardon. We appreciate it.

We now have some committee business we have to attend to.

Members, we have a number of different items. The first one should be very quick. It's a housekeeping issue to do with our budget. I believe everybody has it in front of them. It's for a total of \$16,250. As you can see, this is to deal with witnesses who came here from Regina, Saskatoon, Winnipeg, Toronto, and Moncton, plus a videoconference we held. Again, this is for the report under fusarium.

Is there any question or discussion about this? If not, I'd entertain a motion to approve it, if so moved.

Mr. Bev Shipley: I so move.

The Chair: Is there discussion on the motion?

Hon. Wayne Easter: I think there's part of the cost missing there.

The Chair: Is part of it missing, Wayne?

Hon. Wayne Easter: No. I think on the videoconference, one of the witnesses had to come from Moncton. Are her costs in there, bridge fares and so on?

The Chair: Above that, Wayne, it's got in there, "Witnesses, Moncton".

Hon. Wayne Easter: Oh, okay. I didn't see that. She drove over, I think.

The Chair: Isabelle was explaining that the amount that's in there, which I thought was very excessive for travelling to the videoconference, was the amount that it would have probably cost to bring her to Ottawa. Of course, it won't be that much, but the budget is made out, and if it comes in lower, all the better.

Is everybody clear on that?

(Motion agreed to)

The Chair: The motion is carried unanimously.

We'll move to our steering committee report. Before we open up discussion on it, I will point out that we've tentatively set aside, as discussed at that steering committee, to deal with the competitiveness report starting on November 19. There's one day put aside there. From discussions I've had here with Frédéric, I think it's going to be a fairly lengthy report. We may get it done in one day, but that does not always happen. It would be very important to follow up on.... I see members smiling.

I would suggest, and I consulted here with Isabelle, that if we leave the 24th open right now, if we finish on the 19th we could bring in government officials. We've had some correspondence from the Canadian Meat Council, the cattlemen, the Canadian Federation of Agriculture, and I believe a group from Quebec as well, that would like us to bring in government officials on the SRMs, which would be the second meeting. If you could keep that in mind when we're discussing the report, it would be nice to have this report wound up, sent to the House, and then move onto something else.

What I see is that we seem to be trying to do a bunch of things at one time. Sometimes it's hard to do them all right. I would prefer, if you agree with me, that we wind this thing up and get it out.

Basically, that would mean the 24th at the latest, if not earlier, that the report would be available to be presented in the House.

I'll leave it at that.

André.

• (1710)

[*Translation*]

Mr. André Bellavance: I have an observation to make, Mr. Chair. If we must meet on November 24, we will have to delay the rest of our work. In other words, if we meet on November 24 to study the report, the following meeting will be spent on program review, and so forth. All of the upcoming work will be delayed.

[*English*]

The Chair: You'll remember, André, the discussion we had at the steering committee. You will see on the tentative calendar that there are three meetings at the end that were left open. Do you remember the discussion on that? We thought once we got to a point we could bump them up. Remember, we had that discussion about not wanting to book them right through to the end and then find that we had to change them at the last minute.

Will that cover what you're referring to? Okay.

Mr. Eyking, Mr. Valeriote, and then Mr. Lemieux.

Mr. Eyking, go ahead.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Are you saying that you want November 19 and 24 for the report?

The Chair: Yes, and if we can finish the report on November 19, Mr. Eyking, which would be nice—

Hon. Mark Eyking: Okay. What do we have on November 17?

The Chair: On November 17 we have program review.

Hon. Mark Eyking: Why can't we start the report? Would it be ready for November 17?

The Chair: That was at my request. If you remember, Mark, I don't think I'm going to be here for that meeting, and I asked the committee, saying I would like to be there when it was doing the report. So that was a request from me.

Hon. Mark Eyking: Okay, so we would have November 17 and 26 for program review.

The Chair: Yes, November 17 and 26, and then that would just move up the rest of them there.

Hon. Mark Eyking: So we would go first to GMOs, right? December 1 would be for GMOs?

The Chair: I guess if you wanted to, yes.

Hon. Mark Eyking: Well, that's what Alex wanted.

The Chair: Yes, and I see where you're going; I just hadn't turned the page yet.

Hon. Mark Eyking: I'm just going on with what we're doing. We're just picking up a day. We're bumping them ahead.

The Chair: Yes. What that would leave, then, is two meetings at the end instead of three. The meeting that's now tentatively written in there on GMOs for December 1 would move to December 3, if you were to stick with the same thing. I'm sure we'll hear some discussion on that.

Hon. Mark Eyking: No, we have GMOs on December 1 because we have program review on November 17 and 26, right?

The Chair: Correct.

Hon. Mark Eyking: So then we go at GMOs right on December 1, and then we still have one float day, December 3.

The Chair: We have three float days because we are here on December 8 and 10 as well.

Mr. Valeriote.

Mr. Francis Valeriote: Mr. Chair, when it comes to GMOs, I know I had requested, as did Alex, that GMOs be discussed. I can't speak for Alex, but I understood, when I made the suggestion, that GMOs really pertained to competitiveness in the industry. Some would argue that they're toxic and they diminish the value of food and production, and others might argue that they increase durability, hardiness, reproductivity, and all of those other things. So I'm not quite certain, if we have a separate two days on GMOs, what report that will become part of. I just don't want them discussed in isolation, to be hanging out in limbo. I thought they would become part of the report on competitiveness, and therefore I would have thought they would have been heard before we looked at the draft report.

The Chair: I know you weren't at the steering committee, Mr. Valeriote, but the discussion there—and members can correct me—was that we set these dates for the report. You could technically, Frank, take everything we discuss and in some way tie it into competitiveness, there's no doubt about that—

Mr. Francis Valeriote: Yes, I agree.

The Chair: —but I think GMOs is an issue unto itself.

Mr. Francis Valeriote: Okay. If it is, will that become a report, Mr. Chair?

The Chair: Well, yes, I guess it's at the will of the committee. If the committee wants to report back on it, I'm sure with those few meetings it's going to be pretty brief, but the committee sets its own destiny.

Mr. Lemieux.

• (1715)

Mr. Pierre Lemieux: Thank you, Chair.

First I wanted to thank you, Chair, for having this subcommittee report in front of us. Mr. Valeriote might not know, but the subcommittee in fact just makes recommendations to the main committee, so I actually appreciate the fact that we have the report in front of us, that we have the opportunity to discuss it and then to amend it or to pass it or not pass it, whatever we see fit. That might help Mr. Valeriote over there, who was asking about what can and can't be done.

You were explaining, Chair, that the steering committee decided this. I just wanted to let Mr. Valeriote know the steering committee only makes a recommendation to the main committee. If you feel that GMOs should be included as part of the report, you can do that as a main committee member, because the steering committee only puts together a recommended report that we review, amend, modify, vote on, accept/not accept; it's up to the main committee to decide. So I just wanted you to know that.

An hon.. member: Can I respond to that?

Mr. Pierre Lemieux: Perhaps another time.

The other thing I wanted to mention, Chair—

The Chair: He is correct in that. When I said the steering committee, whatever, that was the direction of the steering committee, but it still has to be approved at the main committee.

Mr. Pierre Lemieux: Yes. Do not be intimidated by that.

The Chair: Carry on, Mr. Lemieux.

Mr. Pierre Lemieux: Thank you, Chair.

As a committee, we've done excellent work on competition. It covers a wide breadth. We've had a lot of different witnesses and I think we have some good recommendations to make.

There are two things we have to decide. First, where do we start winding it up? Are GMOs in the report, or is that something different? Second, I want to make sure we put aside enough time to do a good job on this report. In general, I find this committee works well together, but we don't leave enough time for committee business. It's always crammed in there and we're always running out of time.

With respect to this report, we're talking about a year's worth of testimony. We started this quite some time ago, which is good. However, we should make sure that we take sufficient time to review the report—not just the words and commas, but the content and recommendations. Farmers, groups, and associations are going to be looking at this report, and they'll want to know that we heard them, understood them, and made valid recommendations.

I'm of the opinion that we need two meetings. And if we feel we need more, then maybe we should have a third meeting. This is a big report, a year's worth of investment on behalf of this committee and all of its members.

I think we should schedule this for release before Christmas. We've devoted a lot of time to this study, we're going to do a report, and we should get it done before Christmas.

The Chair: There's a clear intent.

Mr. Pierre Lemieux: I think you're right. I want to make sure that we don't start putting too many other things in the way. We say we're stopping our witnesses so we can focus on the report. So we shouldn't flood the calendar with all sorts of other projects that we want to get moving on before we finish our report. I'd like to see our consideration of the draft report moving forward into early November, rather than moving later when we're under the gun and we have to do a rush job.

Right now, we're having a meeting on the hog and pork sectors. Then there's a meeting on SRM and COOL. Then we have program review. Finally, after all that, we'll be getting around to the report. I think the report should move forward. It should be moved to earlier in November so that we don't launch a whole new activity, listen to new witnesses, and come up with new recommendations for a potential second or third report before we've even done our major report.

I'd like to see our competitiveness report, the review of it, moved up so that we don't get distracted. I'd like us to finish by focusing on that report and doing a good job of it. Since this is going to take time and effort, we should move it up.

The Chair: Next Tuesday and Thursday are set. Then we have the break week.

Mr. Pierre Lemieux: Then we come back.

The Chair: The only opportunity we have to move it up is from November 17 to 19.

• (1720)

Mr. Pierre Lemieux: I propose we do that.

The Chair: I can't be here that day. I would have liked to be part of it, but I can have a substitute come in.

Mr. Pierre Lemieux: I recommend November 17 and 19, so that we're moving this up without moving into other areas prematurely. Our recommendation should read that we modify this report and study it on November 17 and 19. I'm not suggesting that anything else get removed. I'm just saying that it's a question of order.

The Chair: Mr. Storseth, and then Mr. Easter.

Mr. Brian Storseth: I think the parliamentary secretary makes a valid point. We spent a significant amount of time on this. The sooner we can get this out, the sooner we can put pressure on the minister to act on some of the recommendations.

I would like to address Mr. Valeriot's point on GMO. If we deal with it only in the report itself, we'll be going line by line. It'll be one thing that we talk about in the report, we'll have a vote, and that'll be it. If we had it as a specific issue, we could have a meeting with witnesses. It could be its own issue. It's a significant issue that we should all take time to look at. It's going to involve the future of agriculture. I think this is the way we should go.

The Chair: Mr. Easter.

Hon. Wayne Easter: Thanks, Mr. Chair.

The steering committee spent a lot of time on this. I would rather stick with that. Against the rules—the motion of the committee—I understand the parliamentary secretary was at the steering committee meeting as well.

I am really surprised at the concern I'm hearing now, because there was the opportunity to have meetings early on, where we could have used time to good advantage. Members walked out, so the government caused this committee to lose a lot of time. Let's be direct here.

Mr. Chair, I'm just saying I think the schedule is a reasonably good one. I do think you need to be in the chair when we're dealing with that committee report. And let's go with what the steering committee spent a lot of time putting together. That's why you're a steering committee.

The Chair: Okay.

Mr. Eyking.

Hon. Mark Eyking: I kind of agree with Wayne, unless I sense that there's going—

An hon. member: Kind of agree?

Hon. Mark Eyking: Unless I sense from Mr. Lemieux that there's going to be a lot of disagreement during this report. If there's not, I can't see why we can't peel this off in two days.

If we can finally have this committee working together on an issue.... And I'd like to see the chair in place, because I've seen some shenanigans before when the chair has left. Especially with a report this important, I think we've got to make sure all hands are on deck.

I hope we don't have to bring this to a vote. I think the steering committee has laid out a good agenda and we should stick with it.

The Chair: Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: Mr. Chair, generally, at the Standing Committee on Agriculture and Agri-Food, we have always managed to “chew gum and walk at the same time”. Contrary to Mr. Lemieux, who says that we must deal only with the report, that we must set much time aside for the report, and that we could discuss less important subjects from time to time, I do not think that this kind of topic was ever discussed by the steering committee. On the contrary, these topics are...

I often repeat this because I believe that some members think that we come up with ideas out of nowhere, because we feel like discussing them or because we thought about them during the night. But that is not the case. It's because we have discussed things with farm producers, people from the agricultural environment, who told every one of us that they would like to discuss such and such a topic. This is the reason why we are submitting them. I think that we can do both at the same time.

The idea of providing for extra hearings, just in case the report needed more time for discussion, was because we wanted some flexibility. I believe that we will be able to make progress and maintain our schedule for the report along with the work agenda. We always try to plan for some flexibility so that the work can go forward, that's certain.

[English]

The Chair: Thank you, Mr. Bellavance.

Mr. Shipley.

Mr. Bev Shipley: There seemed to be some resistance to change—just as long as we have some flexibility.

I don't know the length of it, but from all discussions it's fairly lengthy and it'll be a fairly comprehensive report. If there seems to be a big concern that the chair needs to be here, that's fine, as long as we have some flexibility at the end.

So we have November 19, the 24th, and then on November 26 it would seem we have another, similar discussion that we'll follow up on after November 17 on the program review.

And should there be something, Mr. Chair, in terms of finishing the conclusions, or I don't know what—all I'm asking is that there be flexibility on this thing. I think you talked about having ministry people come in, and they're fairly flexible in terms of being able to move ahead and work on it on November 26, just to get it done.

I'm hoping it doesn't. The food safety one, a pretty comprehensive report, went really well, except for the end. But in saying that, that's okay, we went through it well. I'm hoping this will too. It's just that if the concern is that the chair be here, as Mr. Eyking has said, that's fair—as long as we can have some flexibility around November 26, just in case. So I'm hoping this might be an option.

• (1725)

The Chair: Okay. We're going to wrap up the discussion.

I have just one comment, which I hope you will allow me as a member of the steering committee. I did have an objection, not to discussing GMOs but to the timing of discussing GMOs. I think it's another issue on its own. The reason I have a problem with it at this point is that we made a decision back in the spring, as a committee, as a whole—I believe it was unanimous—to get into the future of farming. All I'm asking is if we could just have something friendly recorded that immediately after this we do move into future farming. I think it's very important. I stressed this at the steering committee, how I'd like to have at least one or two meetings on it before we break at Christmas, to send a signal to young farmers across the country that we are serious about looking at this. I ask that basically as a consensus, a commitment, that immediately after what we have got in this report we could move into that.

Is there any comment or dissension on that?

Some hon. members: No.

The Chair: Okay. Thank you very much.

I would entertain a motion to deal with the steering committee report.

Hon. Wayne Easter: I so move.

The Chair: It is moved by Mr. Easter.

Is there any discussion?

Mr. Pierre Lemieux: Mr. Chair, there is something I don't understand. Right now the schedule only shows one meeting for reviewing the report.

The Chair: No, we've had discussion in here, a friendly agreement—

Mr. Pierre Lemieux: Can you just tell me those dates?

The Chair: We would have the 19th and the 24th set aside for it.

Mr. Pierre Lemieux: All right. That was my key concern.

The Chair: Everything else would just be moved ahead.

Mr. Bev Shipley: Are we going to have any flexibility for the 26th, should we ever need that?

The Chair: I would just suggest, Mr. Shipley, that we deal with that when the time comes, if that time came. Let's concentrate on getting it done.

Some hon. members: Hear, hear!

Hon. Wayne Easter: Just to make sure everyone is aware of it, there is a time change of committee in here as well. I assume everybody is on side with that, from 3:15 to 5:15 p.m.

The Chair: Yes, that's called the Eyking amendment.

Hon. Wayne Easter: It makes no difference to me either way.

The Chair: That's the Eyking amendment, just so he can get out of here earlier on Thursday.

Hon. Mark Eyking: I just don't want you going down to D'Arcy's between three and three-thirty.

The Chair: Yes, exactly.

We have a motion on the table.

(Motion agreed to)

The Chair: The meeting is adjourned until Thursday.

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