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Wednesday, March 17, 2010

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Chair

Mr. Larry Miller

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• (1530)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): Order, please.

Thank you very much to all our guests: Mr. Minister, and your staff Mr. Knubley, Mr. Meredith, and Ms. Moritz; and from CFIA, Ms. Swan, Cameron Prince, and Ms. Wing.

Mr. Minister, I'll turn it over to you.

Hon. Gerry Ritz (Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board): Thank you, Mr. Chair.

It's indeed a pleasure to be here this afternoon. Happy St. Patrick's Day to everybody, and thank you for your kind invitation to allow me to be here and to dialogue with you today.

Mr. Chair, congratulations on being re-elected. I understand you won by a landslide.

It's been a busy year since we last met. As you know, we've been getting a lot done for farmers in the agricultural industry overall. Like you, I'm proud of the gains we have made in opening and growing markets and building Canada's global reputation for producing safe, high-quality food. We've had great success in opening and re-invigorating opportunities for our sector at home and around the world.

Last month I was pleased to join our industry colleagues in Vancouver to kick off the Olympic Games with a great Canadian breakfast cooked up by five top Canadian chefs, led, of course, by our first lady of food Anita Stewart. As I said, with all of the international media there, Canadian food is the best in the world, and that's why we've been on the road marketing our great agricultural products with some success.

I'm happy to report that we have the Market Access Secretariat kicked into high gear. When challenges arise, Fred Gorrell has his team on the ground, and they're doing great work. The secretariat is coordinating our international efforts to put everyone on the same page: the department, CFIA, International Trade, the provinces and territories, and of course industry, to identify their priorities and seize every opportunity to sell our products.

As you may have heard, the Market Access Secretariat has been very well received by producers and processors across Canada. Ian Wishart, president of the Keystone Agricultural Producers of Manitoba, recently stated that “the new Market Secretariat has been showing very positive results”. I'm proud to work side by side with my colleagues in industry to get the job done for them.

We've restored beef access to the Middle East, Hong Kong, Russia, and South America, estimated to be worth more than \$70 million to our cattle producers, according to the latest numbers by the Canadian Beef Export Federation. We've restored access for sheep and goat breeding stock to Russia, the estimated value of which is \$8 million. We have confirmed that China's state buying enterprise intends to increase their imports of Canadian canola oil by another \$180 million this year. We reached an agreement to protect our half-billion dollar pulse business with India. But there's always more work to be done. My team and I won't rest as long as there's another trade barrier to be kicked down or opportunity to be captured.

Of course, our aggressive trade negotiations agenda complements all of this work. At the WTO, Canada continues to press for progress and for an outcome that would create a more level international playing field and new market opportunities for Canadian agriculture. We're also standing up for our supply-managed sectors. The government is also pursuing an aggressive regional and bilateral trade negotiation agenda.

We're also creating opportunities within Canada through the newly signed agreement on internal trade. That agreement is a tremendous positive force for Canadian producers and continues to safeguard our supply-managed systems.

In that regard, we are working towards a comprehensive economic and trade agreement with the European Union. The EU is Canada's second-most important partner for trade and investment, with two-way agrifood trade totalling over \$6 billion last fiscal year. We want to make that relationship even stronger and more profitable, to the benefit of our producers and processors.

We have also made important progress in many other areas. We have implemented free trade agreements with the European Free Trade Association and Peru. We have signed FTAs with Colombia and Jordan and concluded an FTA with Panama. Our government will certainly be pressing Parliament to move forward on ratifying these free trade agreements as soon as possible. I know the Colombia one was reintroduced last Friday, and we look for early passage of it. I know all sides will work together, because farmers and the Wheat Board are pushing for that market access.

We're also looking ahead to exploring new possibilities with trading partners including Morocco, India, and Ukraine. We're continuing that work to build a strong foundation of memorandums of understanding with a growing number of countries.

At the same time, our government continues to support supply management at home and on the international stage. As I said to the Dairy Farmers of Canada at their annual meeting in January, our record on supply management speaks for itself. This government has taken action under article 28 of the General Agreement on Tariffs and Trade to limit imports of milk protein concentrates. We have harmonized compositional cheese standards to bring greater certainty to processors and Canadian consumers. Canadians know that cheese must be made out of milk, and we've made sure that Canadian families know what kind of cheese they get when they go to their grocery stores.

This government is also working to ensure that the WTO's special agriculture safeguards are available, if needed, in the future.

• (1535)

Finally, this government will always defend interests that are important to supply-managed industries in international trade negotiations.

As I've said many times before, when it comes to agriculture, the bedrock principle for this government is "farmers first". Canada's economic action plan continues to build a firm foundation that will make sure agriculture comes out of the global downturn stronger than ever. Our plan is supporting agriculture as a core economic driver in this country. The Canadian Agricultural Loans Act is making government-backed loans available to producers such as new farmers, who previously didn't qualify. CALA is helping producers beat the credit crunch by guaranteeing an estimated \$1 billion in loans over the next five years. It's already a success, by almost doubling the amount of loans compared with last year, for a total so far of \$90 million.

More great news is that more than 118 of these loans have been registered to farmers who are just starting out. The goal is to help empower our young farmers to get a foothold in the business of agriculture and become self-sufficient farm business people.

We built flexibility into our agricultural programs, and in our economic action plan we delivered on our campaign promise to implement an agricultural flexibility program. Canada is a big country, and as we all know, every region has unique challenges and opportunities that diversify and create both challenges and opportunities. We're investing this \$500 million from the plan into targeted, focused investments that will serve the industry extremely well.

Farm programs come and go, but the stability built around innovation in the marketplace is what will keep farmers and the farm community strong into the future. AgriFlexibility continues to deliver for our producers through funding for branding Canadian products worldwide, livestock traceability, canola marketing, and many other strategic investments that help drive agriculture forward. AgriFlexibility is building on the foundation of business risk management programs to create new opportunities and drive new efficiencies that will strengthen the farm gate for the long term.

AgriFlexibility must remain proactive, but we also must have a set of programs to help producers react to income pressures.

We have listened to industry's concerns about how this suite is delivering for producers. Let me point out just how that suite has delivered. Since it was launched, for the 2008 program year, producers across Canada have benefited from over \$4.5 billion in federal-provincial assistance through the business risk management suite of programs, including the one-time federal kick-start contribution of \$600 million.

At the same time, this government is constantly working with our provincial and territorial partners to make sure these programs continue to respond to producers' changing needs. That is why at our recent meeting ministers committed to engage with producers and agricultural groups on the challenges facing the sector, business risk management programs, and the opportunities that lie ahead.

This business risk management strategic review is two-fold. We are mapping the way forward for the next-generation agricultural framework and constantly making tweaks to current programs to make sure they deliver to the farm gate.

One sector that has been particularly hard hit is pork. Our government is there for our pork producers in their time of need. For 2008 and 2009, livestock producers, including pork producers, are projected to receive more than \$1 billion through AgriStability and AgriInvest. We've been getting AgriStability benefits out as quickly as possible through such new mechanisms as targeted advances and interim payments.

That help is flowing to producers without the overwhelmingly high overpayment rate that producers had to suffer through with CAIS. As well, the federal advance payment program alone has delivered over \$344 million to our pork producers since 2007. Last year we sat down with the national pork leadership and developed a way forward to help producers restructure their operations for the future through long-term government-backed loans, transitional assistance, and international marketing support. We continue to work closely with Canada Pork International to expand and open new markets on the world stage.

In December, Canada Pork International joined the Prime Minister and me in Hong Kong, South Korea, and China, where we were able to announce the lifting of China's H1N1 restrictions on Canadian pork.

A few weeks ago I was proud to announce that Canada has secured the first certification agreement to allow pork products to China, which means that Canadian pork products will be back in Chinese grocery stores very soon. That is a \$45 billion market back online for our pork producers. Edouard Asnong, president of Canada Pork International, praised our efforts, saying that the “continuous efforts from the federal government will increase opportunities for Canadian pork exports.”

● (1540)

We are also focusing on other key markets in Asia, including Indonesia. That work is paying off, as we see pork prices rising, and projections on the futures markets are well above the five-year average. We will continue to work with the leadership to chart the best way forward for Canada's pork industry.

While helping farmers weather immediate pressures, we are also helping them position their businesses for a profitable future. Innovation has always been a hallmark of agriculture, but never more so than today. Our government is helping farmers compete through investments such as the \$8.7 million dairy research cluster we announced in January.

Science and innovation are at the heart of what matters to Canadians—the safety of their food, their health and wellness, and a clean environment. Agriculture, probably more than any sector of the economy, is under constant pressure from shifting social, economic, and natural forces. Our government is playing a strong role to help the sector seize opportunities and face down these challenges.

We continue to invest in science so that our farmers can compete and keep growing our Canadian economy. Our approach is to create partnerships between governments, universities, and industry researchers to focus investments where they can have the biggest impact at the farm gate.

Scientists at our 19 centres across the country are working with our partners in industry, through federally funded research clusters, to help our producers compete through innovations in disease, pest resistance, and nutritional values.

I've spoken a lot about what we've done, which leads me to mapping out the way forward. This government is committed to supporting agriculture in the future.

The main estimates you have before you reflect that commitment, with a \$340-million, or 13%, increase for 2010-11. I want to repeat, agricultural investments by this government are going up by 13%.

The Speech from the Throne underscored this government's strong commitment to agriculture. The speech highlighted our work for Canadian producers, including our unwavering commitment to give western Canadian farmers the freedom to choose how they market their grain, our support for supply management, and our action for Canada's livestock sector.

Budget 2010 introduced two critical measures to backstop our livestock producers. We will dedicate \$75 million to ensure that Canadian cattle producers continue to have access to competitive cattle processing operations here in Canada. The Canadian

Cattlemen's Association has expressed its strong support for the measures we've presented in this budget.

Producers and processors all understand that the industry can only succeed if every link in the value chain remains strong. Jacques Laforge, president of the Dairy Farmers of Canada, welcomed our commitment to beef and dairy producers by saying,

The Government of Canada has really stepped up to the plate.

The Canadian Cattlemen's Association issued a similar statement:

The Canadian Cattlemen's Association (CCA) strongly supports measures contained in the 2010 Federal Budget aimed at ensuring producers have access to competitive cattle processing operations in Canada.

As the minister responsible for the Canadian Food Inspection Agency, I am pleased to report that the March 2010 Speech from the Throne restated the government's intention to reintroduce legislation to protect Canadians from unsafe food and consumer products.

Immediately following the Weatherill report on the listeriosis outbreak, this government committed to move forward on all 57 recommendations of that report. Many of these commitments have been met and are well under way. To support that effort, the government announced an investment of \$75 million to enhance the food safety system in September 2009. We're hiring and training more food inspectors and putting them to work on the front lines as we speak.

I'm proud of our government's track record of listening to farmers' needs and delivering on them. I'm also very appreciative of the hard work that goes on around this committee table.

I know you have a full agenda, but I would urge you to devote some time to private member's motion M-460, brought forward by our colleague, the member for Lambton—Kent—Middlesex. The motion, as you know, aims to speed up farmers' access to new farm inputs by having countries share their science, basically so we're not reinventing the wheel every time. I urge this committee to study this issue in depth so that we can help our farmers get new technology in a more timely fashion and compete on a level playing field.

Time and time again, Canadian farmers have proven that we can succeed with hard work and good ideas.

Thanks again for the opportunity to speak with you today. I look forward to your questions.

The Chair: Thanks very much, Mr. Minister.

Did anybody else with you here plan to make a presentation?

● (1545)

Hon. Gerry Ritz: Nobody has opening remarks.

The Chair: Before we go to questions, I just want to read something from *House of Commons Procedure and Practice*, as a reminder to all of us, from pages 1068 and 1069:

Particular attention is paid to the questioning of public servants. The obligation of a witness to answer all questions put by the committee must be balanced against the role that public servants play in providing confidential advice to their Ministers. The role of the public servant has traditionally been viewed in relation to the implementation and administration of government policy, rather than the determination of what that policy should be. Consequently, public servants have been excused from commenting on the policy decisions made by the government. In addition, committees ordinarily accept the reasons that a public servant gives for declining to answer a specific question or series of questions which involve the giving of a legal opinion, which may be perceived as a conflict with the witness' responsibility to the Minister, which are outside of their own area of responsibility, or which might affect business transactions.

From there, we'll move to the Liberal Party first.

Mr. Easter, you have seven minutes.

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

Welcome, Minister, and officials.

I listened to your remarks, Minister, and I just can't help but sit here and wonder, have you been on the ground in Canada at all? Have you been at the farm level in Canada? The message you're portraying here is not what I'm getting on the phone every day or in any part of the country that I'm in.

You said you're getting a lot done for the agricultural industry; well, maybe on the agrifood side you are, but I'll tell you, we're losing 5,000 farmers a year. That's 14 farmers a day. Canada's farm debt is \$59 billion, with \$9 billion under your government's watch. You may be putting farmers first, but it's first in line for debt, at least from where I sit.

We're facing the worst crisis in hogs in Canadian history. The beef industry is wondering where to turn next. I tell you that in my area in Atlantic Canada, farmers are leaving the land in droves. In the potato industry, we've had two potato plants cut back on contracts for lack of markets. We could have 12,000 to 15,000 acres of potatoes this year in P.E.I. without a home.

AgriStability is just about as bad as CAIS, and that's been pretty bad, I will admit, in terms of people not getting payouts. The reference margins aren't working. Beef and hog producers are not meeting the viability test. Over 3,000 farmers in Ontario don't meet the viability test, so they can't draw out of it anymore, yet you come in here and say that things are great on the farm.

Let's just take a look at the hog industry. I don't know if you've looked at the numbers, but in my region in P.E.I. we're down 70% in breeding stock in five years and 65% in terms of hog production. Atlantic Canada is down to the point that we're losing our last hog plant.

Then you come to the budget, and there's not one new dime. I heard what you said in terms of \$314 million. Finance officials tell us that there's not a new dime in this budget. Where's it at? I certainly don't see it, nor do Finance officials.

We had the hog producers here the other day, and they are in dire straits. They basically said under questioning that there are four things that could assist their industry. I'll direct these four at you, and maybe you can answer them.

First, they've said that when the HILLRP program was originally anticipated, they expected that there would be 75% uptake. There's

only 3% uptake. They've said that the banks are not providing the credit and Farm Credit's not providing the credit, so they're saying there could be upwards of close to \$200 million left in that fund. Will you commit today that those dollars will still go to the hog industry, and not back to the Department of Finance?

We know that the program was designed so that the first requirement was that you had to pay back the advance payment program money, so the Government of Canada got paid and farmers were left with more debt under that particular program, but will you commit here today that the \$200 million, if there's that left in the program at the end of this month, will be committed to what the Canadian Pork Council requested in terms of their program going forward?

AgriStability is easy to fix, and it doesn't violate a trade agreement. Will you change the viability test so that it allows hog and beef producers to be able to get a draw-out of funds? They agreed to that the other day.

Third, would you establish the emergency advance payments program again, only at a higher level and on what pork production is really at?

The fourth has to do with United States imports. You're talking about the markets we're gaining. The problem is that while you're gaining markets elsewhere, we're losing our biggest market: the United States. We're not shipping as many hogs to the United States as we were, nor beef, and 25% of the pork that's coming into this country now is American pork. We're losing our own market at home, so will you put in place a marketing program so that Canadians can actually eat and get a Canadian product?

Those are my questions for the moment.

• (1550)

Hon. Gerry Ritz: Thank you, Mr. Easter.

I'll start with AgriStability. The federal government does not operate arbitrarily. As you well know, it's a jurisdiction shared between the federal government and the provinces and territories, so changes to AgriStability I do not make arbitrarily. We just had a meeting of the FPT, the federal-provincial-territorial ministers, roughly a month ago in Toronto. We have expressed a willingness to re-crunch the numbers and work forward towards our annual meeting coming up in Saskatchewan in early July. We will have a look at some things at that time.

What we've done on the HILLRP program is extend the deadline by some three weeks. We have extended the liability of the federal government from 70% to 90%. There are still roughly two weeks to go until the deadline is up. We're hopeful that this will drive more producers to actually make an application.

It's a little bit of a misnomer to say that it's only 3% of pork producers. That's if you take 3% of 8,000, certainly, but not everyone has come in to make an application. I have statistics from Farm Credit Canada showing that 75% of the applications they've received have been successful in going out with a loan.

When you talk about paying back the federal government first, yes, that's the way it was set up, but then it also created the opportunity for that very same hog producer to apply for and receive another—a new—cash advance, so it's just basically a flip-over. Under Treasury Board guidelines, you know you can only go so far. What we did was ask them to repay what they had out, and then they were eligible for the same type of money again. That's the necessary situation that was created there.

Certainly we're concerned about the domestic market. There's no doubt about it. That's why we brought forward “Product of Canada” labelling to make sure people had a better idea of what they were buying on our store shelves. That program is working quite well for those who want to make use of it. When we brought the program out, we said that we would assess it to see the efficacy of the program. That process is going on right now. We have a timeline, and I think it's the end of April, for us to have all of the submissions in from industry processors across the country as to what's working for them, what's not, and what we need to do to make sure that it is in their best interests, so we are adapting and addressing.

Certainly you recognize the point that our major trading partner, the U.S., is in the worst shape of any country in the world because of this global recession. They have far less money to spend than they ever did before. There are hamburgers rather than steaks going on the barbecue. Country-of-origin labelling, as you well know, we have challenged under the WTO, and we continue to push forward on that. I know I have another call lined up with my counterpart, the Secretary of Agriculture, Tom Vilsack, tomorrow afternoon. We're constantly in their face and in their thoughts with our presentations on that panel. We are starting to exchange documents on it. The panel has been struck, and we're moving forward on it.

There are a number of balls in the air, and of course we don't intend to let any of them drop.

The Chair: Thanks.

Your time has expired.

Go ahead, Mr. Bellavance, for seven minutes.

[Translation]

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

Mr. Minister, I encourage you to turn to the proper channel, unless you understand French, now.

Good afternoon and welcome to you and your officials. If I go by your figure, I would conclude that no cuts were made to the Department of Agriculture and Agri-Food under the budget. That is not necessarily a bad thing.

Mr. Minister, I am going to ask you some very specific questions, and then I will give you a chance to respond. You may want to jot the questions down, especially those about the livestock industry.

The recent budget included \$25 million to compensate for the additional costs related to specified risk materials. First, I would like to know when the money will be available and, above all, what the terms and conditions of the program will be. When you managed to convince the Minister of Finance to implement the program, I would

think that you did not just suggest investing \$25 million to compensate for the additional costs associated with SRM. Behind that idea, there must have been a program that was all planned out. I want to know the terms and conditions of the program.

In addition, I want to understand the comment made by the Minister of State (Agriculture), Mr. Blackburn, in the newspaper *La Terre de chez nous*. He said it was important to specify that the \$25 million to compensate for the additional cost of collecting and disposing of SRM and the \$40 million for technologies were tied together.

What does that mean exactly? Does it mean that if you do not invest in new technologies, you are not eligible for the \$25 million program? And, if the amounts are tied together, how do you decide whether the Colbex-Levinoff slaughterhouse is sufficiently involved in new technologies to qualify for the program? I mentioned the Colbex-Levinoff slaughterhouse, but it affects all slaughterhouses. I would like to know whether they are able to qualify and what they have to do to benefit from the program. Are you confident that this announcement will address the gap of nearly \$32 per head arising from SRM standards? It has been calculated that the \$25 million will cover approximately one year. Do you have something else planned for afterwards, once the year is up?

Furthermore, you must know that hog producers were the first witnesses to appear before the committee on Monday, because of the urgent nature of their situation. Questions were asked about the applications for the government-backed long-term loans. The deadline is approaching. It has already been postponed until March 26. We were asked what was going to happen after that. Do you plan to renew the program?

Another deadline is approaching, the deadline for the stay of default to repay APP cash advances. It is September 30, 2010. In this case, as well, I would like to know what is going to happen afterwards. Do you plan to extend the stay?

• (1555)

[English]

Hon. Gerry Ritz: Thank you, Mr. Bellavance.

When it comes to when will we release the deadlines, it depends on when the budget passes. There will be a piece of budget implementation legislation coming forward. And since all of the opposition parties vote against the budget, I'm not sure how you can sit there and take the high ground when it comes to when this will happen.

It would be a lot handier and a lot easier if you supported the budget. And I think maybe Colbex-Levinoff—

[Translation]

Mr. André Bellavance: Let's talk about the budget.

[English]

Hon. Gerry Ritz: —will be calling you to say, please support the budget so that we can have access to that money.

Mr. André Bellavance: Be serious.

Hon. Gerry Ritz: With regard to the \$25 million, that will drive innovation. I've had a number of meetings with the Canadian Meat Council. One of the major representatives on that council is a fellow named Brian Read, who was the managing director for Colbex-Levinoff, so he understands the situation there extremely well.

They are quite excited that this will drive innovation. We have moved everyone off this idea of a per-head payment basis. Certainly that would be countervailed within a heartbeat, and, of course, we want to drive innovation that has a chance to get back to the farm gate. That was the problem we saw back during the BSE crisis originally, when the moneys were sent out and got stuck somewhere away above the farm gate in that processing cycle. The processors themselves had access to some \$130 million since then to help them build innovation. The money has disappeared; no innovation was put forward on SRMs.

The \$25 million will drive innovation similar to what we're seeing in other jurisdictions around the world. The CFIA has been and visited, and has certified things like thermal hydrolysis, technology that allows us to put SRMs back into a fertilizer chain...without the restrictions that it cannot be used for livestock feed or grazing. Those types of things are out there and need to be put on the end of each plant. I know there is a big desire to do that.

There is never enough money when it comes to doing those types of things, but certainly we want to drive innovation with that \$25 million, followed up with the \$40 million to help do some of the bigger projects. The details will come out. We've already begun working on the details with industry, and they are quite accepting of what we're planning to do and how we are planning to do it.

When it comes to the hog situation, certainly we're as concerned as anyone. We want to see our programs work. We put money up on them. We've extended the time period; it's not up yet. We'll assess that when we get closer to it. We want to make sure that farmers actually apply. That's what we need to have, farmers who actually go in and apply.

I've talked to several in my riding who went to their historical banks, got rebuffed, phoned me, and asked what to do. I said, "Go to another bank. There are a number of them out there. Credit unions and Farm Credit have been doing great work when it comes to the hog loans. Don't stop at one." As is the case with any other business, when I was in farming and running my general contracting business, my lumberyard, I didn't stop at one bank when it said no, and neither should farmers. As the businessmen of tomorrow, they need to keep banging on those doors. A lot of them are, and I give them credit for that.

Hog futures are looking good. July is showing a 14% rise over January in that first six-month cycle. We're seeing the numbers for fed hogs above the five-year average, which is a good thing. We're starting to get calls from hog producers in southwestern Ontario saying that those gosh-darn Americans are up here paying \$50 for a weanling, and they can't compete. That's a good thing—not that they're having to compete, but that the price of weanlings is coming back up, because that's the basis. We are starting to see some turnaround. We need to make sure that our guys have an opportunity to buy in and build on that.

You talked about deadlines. The next one coming up on the advance payments is in September of next fall. Historically any comment made on extensions is generally made in the July-August period, and certainly we'll be looking at that situation again.

•(1600)

The Chair: Thanks very much, Mr. Bellavance.

Go ahead, Mr. Atamanenko, for seven minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Mr. Minister and officials, thank you very much for being here.

Before I ask my questions, Ms. Swan, as I mentioned to you earlier, for the record I would like to thank you and your officials again for the help that you gave Costin Cold Storage. There was a question of trying to store their apples, and you were able to navigate a lot of bureaucracy to help them store their apples in the United States. They really appreciate that, so thank you.

Minister, recently you made a recommitment to putting an end to the Canadian Wheat Board as we know it. You're saying that decisions on the Wheat Board will be made in Canada, but there is fear by some that one way you would like to do this is to allow the current text to remain unchallenged at the Doha negotiations, which would then do away with state trading enterprises by 2013.

Could the committee be provided with a study or a document that would indicate that the government has actually undertaken an accurate accounting of a possible economic impact on grain farmers that would occur in 2013 and the years afterward if no action is taken to challenge this text and, as a result, farmers lose their marketing board?

That's my first question. I'll rattle them off and hope that we'll have time for some answers.

My second one concerns food safety. Minister, your own special investigator, Sheila Weatherill, made a number of recommendations following her investigation of the 2008 listeriosis crisis. These recommendations include an assessment of the compliance verification system; an audit into CFIA's actual resource requirements, which you said would be completed early this year; and the hiring of an additional 70 food inspectors.

To your knowledge, is it true that the compliance verification system has not yet been evaluated? How many inspectors have actually been hired, and have they gone through the hiring process? The audit was to be completed by January 2010; apparently there has been a delay.

Here's my second question. According to the CFIA and the agriculture union, inspections of domestic plants are conducted just once a week, while those shipping internationally are inspected every 12 hours. Both undergo the same set of tests, which means the only difference is that food for Canadian tables is checked less often. I am wondering if you can explain this double standard and why there are fewer resources for a Canadian inspection.

Third, it's been two years since the listeriosis crisis that killed 22 Canadians. How many boots are actually on the ground today? We hear figures, but how many new inspectors are actually on the ground today?

Finally, CFIA has been told to recruit 170 new inspectors to meet the shortage, yet it will soon be responsible for a mandated wage increase and a cost-of-living increase, and there is a budget freeze, so where will you cut CFIA's operational budget to make up the difference, and how will CFIA equip new inspectors, given its lack of resources?

• (1605)

Hon. Gerry Ritz: Thank you, Mr. Atamanenko.

Let me start with the last one first. There are no cuts to CFIA, just as there are no cuts to Agriculture Canada. They both received 13% increases in their overall budgetary capacity for this coming fiscal year. As to boots on the ground, I'll have Cam Prince outline that aspect.

Let me talk about the Wheat Board. We have never, as a country and as a government, accepted the text at the WTO at this particular juncture. We've always disagreed with, and have always said that we disagree with, their definition of products that we can secure under supply management and with the notion that some other country or body should tell us what to do with our state trading enterprises. We've always said that those are our decisions and that we will do them accordingly.

We have never, ever agreed to the text. No one is prepared to ratify the text. Every country, globally, has a concern with some portion or part of that text. That's why there has been no agreement. That's why there is no movement forward at this particular juncture.

When it comes to food safety, certainly we are well under way and moving forward on all 57 recommendations that Sheila Weatherill brought forward. Some of them, you will recognize, are for industry to do, and we are carefully watching them move forward as well.

I will turn it over to my colleagues from CFIA, but I can assure you that the CVS audit is under way and I can assure you that the resource audit is under way. It is actually quarterbacked by John Knuble, who was chosen by the PCO in order to do that. I know he has some interim reports that he will be bringing forward in the next couple of months.

I will let Cam speak to your question on the actual numbers of inspectors. I can assure you that we do have new inspectors on the ground and on the front lines in the ready-to-eat meat sector. We had pledged 70 over two years; we're well on the way to having the first half, the first tranche, out there on the ground doing the job. We're moving forward on that.

As I said in question period the other day, these folks don't grow on trees, and no one wants untrained people out there inspecting their food, so there is a period that they work through.

Cam and Carole and Sandra, could I get you to comment on the rest of that?

Ms. Carole Swan (President, Canadian Food Inspection Agency): Thanks, Minister.

Let me just ask Cam to comment on the issue of inspectors, in particular the with regard to how many inspectors are on the ground.

Mr. Cameron Prince (Vice-President, Operations, Canadian Food Inspection Agency): I'll start with the global figure, and the question of how many inspectors we have on the ground. The answer is that 3,315 staff in CFIA are involved in front line inspection.

As you take that pool of inspectors, we look at what resources have come to the agency in the last couple of years. We go back to 2008 and the food safety action plan. The CFIA received \$223 million over five years. So far under that program we have engaged the equivalent of 57 inspectors. Some of them are part time, so the actual number of inspectors is higher than that. Around 120 have come into the agency under that program.

That was followed up last September by the government announcement of \$75 million over three years. What that allows us to do on the front line is to hire 70 new inspectors for ready-to-eat meat. So far we've hired 35 of those and we will be hiring another 35 in the coming months, in the next fiscal year. So that's another 70. And now, just in the last week, we have been made aware of an additional \$13 million to allow us to hire another 100 new inspectors.

That tallies up to over 200 since 2008.

The Chair: Thank you, Mr. Prince.

Mr. Meredith, were you going to say something? Okay.

Hon. Gerry Ritz: In terms of inspection domestically and internationally, Cam, do you want to comment on that as well, on the misconception that somehow one is less than the other?

Mr. Cameron Prince: Yes.

I wasn't sure if you wanted me to get into that detail, but certainly I'd be glad to talk about the presence in plants. The policy with these new resources is to move to more coverage in all meat processing plants. We've started with the larger plants that produce about 80% of the production. These plants naturally, being larger, not only supply the Canadian market but also supply the U.S. market. We're starting there with increased presence on the second shift.

In those plants that are only shipping domestically, we have not yet phased into the daily presence. However, the total amount of time spent in those plants is exactly the same. So there is no difference between the inspection presence between the two plants. It's just a matter of how it's spread out over time.

As I say, we will be moving very quickly to having 100% coverage of all shifts in meat processing plants with these new resources that we've just received.

• (1610)

The Chair: Thanks, Mr. Prince.

We'll move to Mr. Albrecht.

I understand you're splitting your time with Mr. Lemieux.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Mr. Chair.

Thank you, Minister, for being here today.

Probably many of my colleagues aren't aware that the riding I represent of Kitchener—Conestoga, while it is a large urban riding, also has a very large rural area with three large townships: Wilmot, Wellesley, and Woolwich. Hundreds of farmers are there in beef, hogs, sheep, dairy, and poultry. I have the opportunity to visit these farms on a regular basis. Just recently I met with a large group of dairy farmers. They were very appreciative of the support that our government has given to the supply-managed sector.

You mentioned in your opening remarks, Minister, about the action that our government took on section 28 under GATT to restrict the import of milk protein concentrates and also the change in the cheese compositional standards. These have made huge differences for the farmers in my area.

Could you comment on where you see the government going in terms of its ongoing support for supply management? What impact will that have for those who want to maintain a viable family farm?

Hon. Gerry Ritz: Like any farming enterprise, this is big business, whether it's supply-managed or cash crop or whatever other diversity you have in your area, Mr. Albrecht. Certainly we support them all. But when we see one sector under attack—whether it's domestically or internationally—of course we step up and protect them to the best of our ability. We also make sure that what are coming in as imports are not coming in under the guise of something else. That was the nature of the milk protein concentrates.

The new technologies that are out there today are astronomically better than anything we've seen before. That leads to situations where we face non-tariff trade barriers on some of our exports, but other people argue that we shouldn't be doing that on our imports. We certainly make no apologies for protecting our supply-managed sector from those outside forces. We will continue to do that because we have a consistency and quality of supply on those five SM situations that is second to none.

When I was at the Dairy Farmers of Canada meeting in late January, we announced \$8.7 million for a new innovative science cluster for dairy that's never been done before. We've developed canola meal in the dairy rations, which gives us a litre of milk more

per cow, per day, than before. We're starting to export that technology.

Canadian dairy genetics are probably the hottest-selling item outside of Canada. There's unbelievable demand from countries around the world because they know that our dairy farmers, with the supply-managed sector and the ability to have a solid bottom line, have developed cows that milk far better than anybody else's.

So that's a tremendous asset that we have here. We certainly respect the hard work of farm families in the supply-managed sector.

Mr. Harold Albrecht: Thanks.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thank you, Minister.

I want to follow up on a comment. You were answering a question from Mr. Bellavance about specified risk material, SRM. I think it's important, because before Christmas we spent a considerable amount of time discussing SRM.

In fact, Mr. Bellavance had a motion on the floor here in committee. I know you follow the discussions that go on here at committee. You delivered in the budget; you put money in the budget for SRM.

Mr. Bellavance, who spoke so much in favour of it before Christmas, ended up voting against the budget. I want to underline that, because—

Some hon. members: Oh, oh!

Mr. Pierre Lemieux: I'm just telling you, when we want to support our farmers, it comes down to votes, not to discussions.

An hon. member: Hear, hear.

The Chair: Order, please.

Mr. Pierre Lemieux: I just want to highlight that.

The second thing, Minister, is we did have pork farmers in front of us earlier this week, and we've had beef farmers in front of us. They've all commented on this Market Access Secretariat. I know farmers in my riding, when I've spoken to them, and I've told them about the travels you've made... I believe it's been to 20 different countries, 34 different trade missions.

I wonder if you could just elaborate for the committee, and for the people who are following what's going on today, some of the successes that you've had on these foreign missions.

Hon. Gerry Ritz: Thanks for that.

It would take quite awhile to outline exactly the great work that our Market Access Secretariat is doing.

I'm pleased to sit with these folks at this table, and the folks who aren't represented here today too, who have just done a tremendous job for Canadian agriculture and Canadian processors out there on the world stage.

We are a trading nation. When it comes to canola, we export 85% to 90% of what we produce. In the pork sector it's some 50% and livestock is very similar. It's just amazing what we produce consistently and with the high quality that is in demand around the world.

But we do face numerous challenges that are vexatious. There's the country-of-origin labelling situation in the U.S., or WTO challenges we've had to level against Korea, and different situations we face with canola in China. We developed and came up with this idea a year ago of the Market Access Secretariat, or, in layman's terms, a SWAT team, to basically go in there and coordinate everybody into one movement ahead.

We've always had a very active and a very good trade directorate under Agriculture Canada, supported very ably by veterinarians from CFIA and so on. We now have dedicated veterinarians under the Market Access Secretariat.

We have Dr. Robert Morrison from Prince Edward Island, who is our chief technical negotiator. We've never had one before. Dr. Bob, as we like to call him, has been on a number of those missions with me. He does a fantastic job of working through the new certificates that are constantly required by Russia, and every time we turn around, there's something new China is asking for. But they're starting to recognize the fact that we're not going away.

I'm not sure how many trips Fred Gorrell has made to China in the last little while on the canola issue or the pork issue, but I know his frequent flyer miles are chalking up. The results are there, and the kudos that we're getting from the farm sector, from the livestock producers, the canola growers, and so on, are just unbelievably good for the tremendous work that Fred and his team have been doing.

•(1615)

Mr. Pierre Lemieux: Great.

Do I still have time, Chair?

The Chair: Yes, you have about a minute.

Mr. Pierre Lemieux: Okay.

I want to ask you about agronomic investments in research. JoAnne Buth, president of the Canola Council of Canada, feels that you've made an extraordinary investment in agronomic research. She is expecting it will add \$12.5 billion annually to Canada's economy.

Sometimes this flies below the radar. Canadians aren't necessarily aware of it, so can you tell us about the agronomic investments that we're making and what your projections are in that regard?

Hon. Gerry Ritz: We've made a number of investments in the last while through a number of different sectors within the portfolio. We're all very firm believers in science and technology, innovation, and moving forward, and what we've done is work with industry to highlight what they need in order to move forward into the next segment or next sector.

As you know, canola is a tremendous Canadian success story. It started with rapeseed years ago, and then there was genetic engineering, and so on. We're into canola varieties now that are giving us 40% oil, which is twice what rapeseed did, and are giving

us a higher-protein meal that is starting to rival soy in the use beyond.

We made a small announcement in Saskatoon a short time ago about a canola crusher who is extracting the protein from the meal, after he's gotten the oil out, and making a canola tofu. There's a tremendous demand for that type of product around the world.

We've made one of the largest investments into our crushing industry. Canola, flax, mustards, and so on will all benefit from that \$19 million investment over the next five years. They have a program extending to 2015 that will see the acreage that's sown expand exponentially because of the demand around the world for that great-quality product. We've identified it in conjunction with industry, and we're helping them fund it and build a strong road map forward.

It's tremendously exciting. We saw some situations earlier with flax going into Europe. A lot of that flax now has been rerouted through China. We're seeing the same situation with mustard; they're taking that oil and putting it into jet fuel. The American air force is actually starting to use a cross-mustard oil in their jet fuel. They're finding that it's working extremely well, and it has a lighter environmental footprint.

The Chair: Thank you.

Your time has expired.

Mr. Minister, I know you have a cabinet meeting at some point. How long are you with us?

Hon. Gerry Ritz: I've got 10 minutes.

The Chair: Okay.

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

Mr. Francis Valeriotte (Guelph, Lib.): Thank you, Minister, for coming before us today. I appreciate it.

Minister, I can advise you that our critic, Mr. Easter, wrote you a letter on March 15, to which he attached a report card from the agricultural union of PSAC. That report card outlined a number of recommendations made by the Weatherill report and their observation of the status.

Could you first tell us if you've received the letter, and when you would expect to be able to respond to it fully?

Hon. Gerry Ritz: I did receive the letter. I've skimmed through it. I don't remember that it requested a response. These were issues that were going to be raised today. I could certainly write a response if you'd like one.

•(1620)

Mr. Francis Valeriotte: We would.

Hon. Gerry Ritz: Absolutely.

Certainly we take exception to the vast majority of the grading. There's a misconception that a lot of this has not begun; I'm here to tell you that it has.

As I said in one of my other responses, a lot of the Weatherill report recommendations involve other players as well. I can point to the fact that in this latest listeria situation that we face at Siena Foods Ltd. in Ontario, the Ontario public health is the lead on that particular one, supported by Public Health Canada, and by CFIA with testing regimes and recall provisions that go beyond what public health Ontario has.

We have learned about more communication in those situations, and to better work interactively, and so on—

Mr. Francis Valeriote: Thank you. Could I go on to my next question, please? I appreciate that response—

Hon. Gerry Ritz: Well, there are 57 recommendations. That's only one.

Mr. Francis Valeriote: No, you said you would respond in writing, and I'm happy that you would do that. I'd like to go on with my own verbal questions now.

Hon. Gerry Ritz: Sure. It's your five minutes, Frank.

Mr. Francis Valeriote: Thank you.

You mentioned that an additional 100 food inspectors will be hired; you may want to turn to Mr. Prince for this answer. In any event, what we understand from our investigation is that in fact there are no new net boots on the ground, and that those being hired are hired either to replace those who are retiring or to be the additional ones needed because of the USDA requirements that someone be present for every 12-hour shift.

We really would like to know how many new net boots there are, excluding those hired for USDA purposes and for retirement purposes. There's a distinction, and we understand that there are no new ones. Could you clarify?

Mr. Cameron Prince: Well, we have 35 new inspectors hired to do the ready-to-eat listeria work. I don't have exactly the number of people who have—

Mr. Francis Valeriote: Are they going to plants that have U.S.-destined meat?

Mr. Cameron Prince: No. The 35 new inspectors are for listeria-related, ready-to-eat meat inspection. I can give you the details of where they're located. Obviously there are quite a few processing plants in Ontario and Quebec, so most of those 35 inspectors are going into Ontario and Quebec, but they're going across the country. We'll be hiring an additional 35 inspectors to do that same sort of work as quickly as we can get them on strength in the new fiscal year.

The other part of your question was about attrition. I think you're saying that we're hiring people on and people are leaving. It's the same in any large organization. Those kinds of things happen, so we're going out with an aggressive national recruitment campaign to keep ahead of that all the time. To do the ready-to-eat meat inspections, we get the best people we can to come in, and we also promote people from within.

Mr. Francis Valeriote: Mr. Minister, I meant no disrespect by cutting you off earlier—

Hon. Gerry Ritz: Hey, I haven't been home lately, so it was welcome. Thank you.

Mr. Francis Valeriote: —and I mean no disrespect by this question as well, but I'm having trouble reconciling something you said in the House yesterday with something that I'm hearing today and something that we've heard from the industry. You've already alluded to the issue, which is the difference in times that food inspectors are present in plants where there is U.S.-bound meat versus the times they are present in plants where meat is domestically bound.

You said the inspection rates for domestic consumption and for international trade are exactly the same: they work on a 12-hour cycle. Now, Mr. Prince indicated that you're working towards making them equivalent. Unfortunately, Canadians are concerned that U.S.-bound meat, and the U.S. population, are receiving greater consideration than Canadians are.

Frankly, it's been quite some time since you've had the opportunity to respond to the Weatherill report, and that concerns us, especially with the recent scare of another outbreak, so when you talk about the total amount of time being equivalent to the presence required under the USDA, what does that mean? When will you have the full complement on the ground to meet the very same standards of a presence every shift, every 12 hours, that you will be meeting with USDA? We need to know the timing.

Hon. Gerry Ritz: Before I turn the logistics over to Cam, who does run the programs, I just want to point out that the 80% we're targeting off the front—the big plants that produce 80% of the ready-to-eat meats—serve both domestic and international markets. These aren't isolated in the sense that one does domestic only, while one does international only—

● (1625)

Mr. Francis Valeriote: I know that.

Hon. Gerry Ritz: They are integrated programs. When you have a vet on, he's inspecting a meat line that may go international or may go domestic, so it's very hard to say that he quit working for international here and he started to work for domestic there. Meat is meat coming down the line, and he doesn't know where it's going to go; he just wants to make sure it's safe.

Cameron, do you want to expand on that?

Mr. Cameron Prince: I just want to reiterate my points a bit.

I said that there's an equivalent amount of time spent. The U.S. requires it. There's a bylaw that products being exported to their country are under a regime that requires a presence on every shift.

What I'm saying is that the total amount of time spent for inspection presence on plants operating only for domestic sale versus those that are shipping in Canada and to the U.S. is the same. We've had to adjust to cover off those second shifts in order to meet that requirement. We've done that through overtime and by extending our current resources, and we've been able to cover that off. Now, with these new resources, we're moving very quickly.

I think you asked what the timeframe is.

Mr. Francis Valeriote: Yes.

Mr. Cameron Prince: The timeframe would be, well, as quickly as we can get the people on and get them up and running. I hate to promise, because there's a staffing process and a training process that has to take place, but it's certainly within four to six months.

We'll have the people hired within a very short period of time. It's the training that takes the time. These people will be on the ground, and there will be a combination of classroom training and mentoring by senior inspectors, and they will be out in the field doing this work.

It's about getting them in the door in the next two months and then getting them trained over the next three to four months, so within six months we're going to have this fully covered off.

My colleague Sandra Wing is our main contact with the U.S., and she would like to add something.

Mrs. Sandra Wing (Vice-President, Policy and Programs, Canadian Food Inspection Agency): I would say that Canadians have no need to be concerned. The U.S. audits the Canadian system on an annual basis—

Mr. Cameron Prince: As we audit theirs.

Mrs. Sandra Wing: Yes, as we are presently auditing theirs.

If there were serious food safety concerns from an outcome perspective, we would not be able to send meat south of the border and they wouldn't be able to send meat here.

And as Cam said, equivalent time spent in a plant: no two countries' food safety systems are identical as far as the technical requirements go. In the U.S., you may operate eight-hour shifts, two eight-hour shifts, three eight-hour shifts, or a twelve-hour shift, and similarly here in Canada. But the U.S. requirement is a "presence", and that could be that you show up at the plant for 10 minutes of a particular shift. So we're not talking about food safety outcomes here. We're talking about technical requirements.

The Chair: Thank you.

Mr. Storseth and Mr. Richards are splitting the next five minutes, I understand.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Chairman. I will do my best to leave Mr. Richards time for some hard-hitting questions.

Mr. Minister, I want to thank you not only for taking the time to open up markets, which you have been going around the world to do, but also for the time you have taken for our local producers. Unlike previous parliamentary secretaries, you actually believe that rural round tables mean getting out into rural Canada. You have been to St. Paul, Mayerthorpe, and many other places where you get to meet real farmers and real producers. I know that in our area they appreciate your straightforwardness.

I don't want to leave you with the impression that the meeting we had this week with pork producers was all negative. I actually thought it was a very good meeting. They came forward, as you know, and stressed cashflow, which is something that we're working on, and they stressed market access.

But one of the things they really stressed is ratifying some of the free trade agreements that are already signed, such as the one with

Colombia. I'm wondering what we can do as a government to help expedite this. Or maybe the opposition can help us out with this.

Then, of course, as an Albertan, I would be remiss if I didn't mention the fact that I hope you continue working with our provincial government on AgriRecovery. We had a severe drought in our area this year and it's very important that we find a good resolution for our farmers. I know you're working on it.

But my real question here goes to a truly western Canadian issue, and that is marketing choice and marketing freedom for western Canadian grain farmers. I asked this question when I first got on the agriculture committee and when you first became minister. I'm wondering, and I'd like to know from you, what we are doing as a government, and what you are doing as the minister, to come forward with a plan to help western Canadian farmers access the \$450 million to \$628 million a year that the June 2008 Informa document shows western Canadian farmers aren't able to get at by having access to open markets.

• (1630)

Hon. Gerry Ritz: To begin with, on Colombia, even the Wheat Board, love 'em or hate 'em, supports the Colombia free trade agreement. They know there's a tremendous opportunity down there for farmers to grow that market exponentially. We do need that one done very, very quickly. For livestock and pork, for the wheat growers, and for canola as well, the farmers all say that's a tremendous market opportunity. It is a portal into the rest of South America, and we recognize the expansion that could go on through that portal.

When it comes to the Wheat Board itself, even the board has recognized that western Canadian farmers are voting with their trucks and their air seeders. We've seen tremendous growth in the canola and pulse acres, and we're going to see more of that because of the innovation going into it and because they can market what they want when they want. We're missing that with the Wheat Board.

Even the Wheat Board recognizes that. They've tried to come up with some programming to mirror the free market, with more cash up front and more things like that. They just can't seem to do the business model that works. They do a terrible job in the futures market, and then they do a terrible job of taking from the pool accounts to cover that off and putting it back and so forth. It has gotten to the point where they are constantly at odds with the elevator association, which of course includes terminals owned by farmers, into the car allocations.

I know there's a lot of concern about producer cars, which are actually under the auspices of the Canadian Grain Commission. That's one of the reasons why we put money back in there, because we couldn't get that bill past Parliament to give them the capacity to do more work on behalf of producer cars.

There's a tremendous amount of change required. Everyone has concerns with the rail line abandonments that took place over the last decade or 15 years out there in western Canada. We've all come to grips with the fact that we have to haul our grain farther, but in order to do that we have to make more money off the end and do more value-added processing in western Canada as well. Globally, there's a shortage of some 500,000 tonnes of malt. We grow the barley, yet we can't malt it in western Canada without doing that crazy little buy-back thing, which involves freight and elevation charges to tidewater—and it never left my bin.

There are a lot of different things that we need to work through.

We're committed to seeing that change. The first step will be to make some changes in the elections law for the board of directors of the Wheat Board. The Wheat Board actually agrees with us in moving forward on that. We're talking a 40-tonne requirement: you must have grown that in the last two years in order to be called a farmer. That's not a lot. You can do that in your garden on a good day.

So there are a lot of things that need to be changed. We'll move ahead as quickly as we can, working with the board. There are certain things I can do by regulation, but I'm loath to do that. I always end up in court. We win, but in the end, farmers lose time. We'll move forward as fast as we can.

The Chair: Mr. Richards, you have time for one question.

Mr. Blake Richards (Wild Rose, CPC): Certainly at the very top of my mind was the Wheat Board. I certainly do appreciate the comments you just made. It was very comforting to hear in the throne speech the comment that we will ensure freedom of choice, for which western barley farmers voted overwhelmingly, and now to hear the comments you have just made. One of my barley producers is here in the room today. I am sure he'll be very thrilled to hear those comments. I do appreciate that as well, and all the work you have done on opening up the markets for our producers.

Just very quickly, because I don't think there is much time, I wonder if you could just elaborate further on some of the work you have been doing on market access for our livestock producers as well. I know you have had some discussions recently with our pork producers, and maybe you can share some of those.

Hon. Gerry Ritz: We've made a commitment over the last year or year and a half that every break week we will do a major trip offshore. We've done that.

Before we did that, we sat down with industry and correlated which countries and which market access would give us the most bang for our buck when we did these trips. We've dealt with the livestock sector—cattle and pork. We've dealt with sheep and goats. We've dealt with the grain sector, soy, and everybody.

They have identified certain markets where they see huge potential, and we've gone there first and had some good success. In other cases we have followed up. The Russian market has tremendous potential, but you have to court them as you do with the Chinese. The more we go, the more they expect to see us, the more they want to work with us. We're now starting to see countries like India, where there is tremendous potential for our pulse crops and canola and so on, coming back to Canada and asking where they can

inspect what we're doing and how they start to do that and how they can mimic that.

There is concern at times that we sell our genetics and that somehow Russia is going to take over the dairy sector or they are going to take over the beef sector. But the genetics change constantly. We've also developed feed rations and housing infrastructures that go along with handling those genetically superior animals, which other countries have yet to mimic. We are not concerned about there being competition. We think that is good. However, we are getting more and more demand for Canadian product, whether it's still on the hoof or in the box. It's just amazing to be a part of that shift.

Our mantra is that it's marketplace, not mailbox. Farmers are starting to get their heads and minds around that. Government programs come and go. Government money does get clawed back at times, and agriculture ministers come and go. But if they can start to develop a solid marketplace, that can weather them through any type of change in government, and that's the end.

Having said that, Mr. Chair, I must excuse myself and rush off to cabinet.

• (1635)

The Chair: Thanks very much for staying a few extra minutes to finish that round.

We'll let the minister go.

I just want to remind everybody that we have votes at 4:45, which I had forgotten about until Mr. Easter reminded me. Also we have about a dozen very short motions that we need to pass regarding the estimates. We can either do them right now while the minister is leaving, or we can leave them to the end, but they have to be done before the bells go off.

Hon. Wayne Easter: We have to vote on the estimates.

[*Translation*]

Mr. André Bellavance: Do we have them?

[*English*]

The Chair: They're the main estimates, and I'll just be reading them off.

You won't have a copy of them, André.

Hon. Wayne Easter: It's all in the blue book.

The Chair: Is it your wish that we do that now?

Mr. Pierre Lemieux: I think we can.

The Chair: All right. I will proceed with the votes.

AGRICULTURE AND AGRI-FOOD

Department

Vote 1—Agriculture and Agri-Food – Operating expenditures.....\$742,448,000

Vote 5—Agriculture and Agri-Food – Capital expenditures.....\$49,998,000

Vote 10—Agriculture and Agri-Food – Grants and contributions.....
\$551,244,000

Vote 15—to guarantee payments of amounts not exceeding, at any time, in aggregate, the sum of \$140,000,000 payable in respect of Line of Credit Agreements to be entered into by the Farm Credit Canada.....

Vote 20—Canadian Pari-Mutuel Agency – Program expenditures.....\$345,000
 Canadian Dairy Commission
 Vote 25—Program expenditures.....\$3,981,000
 Canadian Food Inspection Agency
 Vote 30—Operating expenditures and contributions.....\$534,261,000
 Vote 35—Capital expenditures.....\$36,378,000
 Canadian Grain Commission
 Vote 40—Program expenditures.....\$4,924,000

(Votes 1, 5, 10, 15, 20, 25, 30, 35, and 40 agreed to)

The Chair: Yes, Mr. Easter.

Hon. Wayne Easter: I would hope you would report that we believe there is not enough in these estimates, though, to do the job. There is not a new dime in this budget for agriculture.

We agree with these estimates. We don't want to take from them, but, clearly, we wonder where the government has been. Farmers are suffering out there.

The Chair: Shall I report the main estimates to the House?

Some hon. members: Agreed.

The Chair: Thank you very much.

Is this a point of order?

Mr. Pierre Lemieux: It's not really a point of order. It's just a comment.

They voted in favour of every single line item you just read, and yet they voted against the budget. There's a real disconnect here in terms of what they support and what they don't support.

Some hon. members: Oh, oh!

The Chair: Okay. Would you gentlemen have your discussion later, please?

Now we'll turn to the votes under supplementary estimates for Agriculture and Agri-Food.

AGRICULTURE AND AGRI-FOOD
 Canadian Food Inspection Agency
 Vote 30c—Operating expenditures and contributions.....\$22,417,058
 Canadian Food Inspection Agency
 Vote 35c—Capital expenditures—To authorize the transfer of \$600,000 from Agriculture and Agri-Food Vote 30, Appropriation Act No. 2, 2009-10 for the purposes of this Vote and to provide a further amount.....\$660,000

(Votes 30c and 35c agreed to)

The Chair: Shall I report supplementary estimates (C) 2009-10 to the House?

Some hon. members: Agreed.

The Chair: Thank you very much, ladies and gentlemen.

We'll now move to questioning.

Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: We still have people from the Canadian Food Inspection Agency.

I had a fairly recent case where there is still a recall. I want to understand the distinction that the agency makes regarding certain products. There was a recall on products containing Salmonella, products that came from a U.S. plant in Las Vegas. A number of products were recalled, including potato chips and all sorts of food supplements. Yet, the agency made a distinction between ready-to-eat foods and those that required cooking. The situation went almost unnoticed.

Can you tell me why that distinction is made? Is it that there are a lot of foods that require cooking and you think it would cause economic problems? I read the agency was of the opinion that, if people followed the instructions on the labels of the foods in question, there would not be a problem. But it is important to understand that some people do not always cook certain foods enough. For example, a young kid coming home for lunch will throw the product in the microwave. They may be in more of a hurry than other people, and so they may take it out a little sooner than recommended.

Can you tell me how come these products were not recalled, unlike the others, those that are ready to eat?

• (1640)

Mrs. Martine Dubuc (Vice-President, Science, Canadian Food Inspection Agency): Mr. Chair, when the agency issues food recalls, it is always based on a health risk assessment. As for the recalled products, Health Canada assessed the risks.

When Health Canada does a risk assessment, that is how we categorize recalls. You mentioned foods that usually require cooking. That fact is often indicated on the package. For example, certain soups need to be cooked, while other products do not, these being ready-to-eat foods. The ready-to-eat foods were recalled. In the case of those that need to be cooked, cooking kills the Salmonella. That was the distinction that was made.

But it is a bit more complicated than that, because there are different kinds of products on the market, different processes used by the food industry, such as cooking processes and steam-based processes. All of that is assessed before a recall is issued. Then it is shared with Health Canada's experts, who determine whether a risk exists or not. That is how recalls work.

Mr. André Bellavance: You must understand why I am concerned. I said that if people follow the cooking instructions carefully, they can eliminate the risk of Salmonella being in the product. But instructions indicate that cooking time can vary from an 800-watt microwave to a 1,200-watt microwave. So to come back to my example of the young kid, but it could also be an adult, myself included, that person may decide to cook the product for less time than what is recommended on the package.

So the onus is on the consumer because if they decide to cook the product for less time, they may be putting their health at risk. According to the precautionary principle, I think that if there is Salmonella in the product, it should be taken off shelves no questions asked.

Mrs. Martine Dubuc: Consumers have a role to play. The Canadian Food Inspection Agency has posted on its Web site a whole slew of measures and guidelines on how consumers should cook a product. It also says to be careful when consuming certain products.

When a label indicates that the product can be cooked in the microwave, it means that the item is ready to eat, and the microwave is used solely to heat it up. The microwave heats the product up but does not cook it. It is very important for the consumer to read the label to know how to use the product.

Mr. André Bellavance: Is this the first time that you have issued these kinds of recalls, where there is a distinction between ready-to-eat foods and ready-to-cook foods? Has it always worked that way, or are we just noticing it? That really concerns me.

Mrs. Martine Dubuc: The risk assessments are done by experts at Health Canada. The agency follows the risk assessments that are done. They are always done in relation to the risks that the pathogen poses. How did it end up in the food? Does the product need to be cooked or not? How much does it contain? All of these factors are part of Health Canada's risk assessment. Health Canada then determines whether a risk exists or not. Finally, the agency issues a recall. That is the normal procedure that has always been followed. Health Canada assesses every product that may fall into a grey area.

• (1645)

Mr. André Bellavance: Do I still have time left? If so, I want to continue.

[*English*]

The Chair: André, your time has actually expired. We may get back to you before we're done here.

[*Translation*]

Mr. André Bellavance: That is what I wanted to know.

[*English*]

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

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Thank you all for being here today. It's a unique opportunity for us to sit around the table here with you guys and talk agriculture, which is my favourite subject, and I'm sure yours too.

One of the things that we've been going through as an agriculture committee is looking at the competitiveness of the Canadian agriculture sector and what we can do as a sector to make it more efficient, more productive, and of course generate more revenue for the farmers.

One of the areas that always keeps popping up, it seems, is regulation. It seems like we have more regulations here in Canada than they do, competing with other countries around the world.

Have you guys done an internal review on the regulations and how they compare—let's say Canada versus the U.S., or other countries?

Mr. Greg Meredith (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): Thanks for the question.

I think the issue of regulation is quite an important one. Right now we're embarking on some consultations with the industry that are leading to the next framework that will succeed our current Growing Forward framework. The regulatory issues in that discussion, I think, have to be very paramount.

I don't know that the department has done a specific regulatory comparison with the United States, so I'd have to do a thorough check back at the department. Historically, perhaps there is one.

Mr. Randy Hoback: Okay.

Again, we always hear examples... I'll use IVOMEC as an example. Why can I get my IVOMEC cheaper in the States and not get it back in Prince Albert for the same price? There are numerous examples. Whether they're true or contrived, fact or fiction, there's always that question out there. I guess I'd encourage you to definitely look at that, just as this committee's been looking at it.

I'm going to turn the page and just go towards some of the things I've seen happening out in Saskatchewan. The minister talked about the Wheat Board and how it's forcing farmers to diversify. It's actually really interesting. Right now guys are looking at this year's crop and trying to figure out what they're going to seed. With wheat, they really don't worry about their return per acre on wheat because it's something they have to grow in the rotation anyway. They're more concerned about how they get their profit out of the pulse industry and how they get their profit out of the canola industry.

You've done some interesting investments in the pulse industry in Saskatchewan. Do you want to just highlight a little bit of what you've been doing there and where you're going with that?

Mr. Greg Meredith: I'll let my colleague Ms. Moritz answer some of the specifics on the investments, but I think you're referring to some investments under AgriFlex. These helped the pulse sector and other sectors respond to emerging challenges in the market and adapt with their growers to some of the emerging consumer trends that they see and take advantage of them.

The pulse crop is growing, as you know, in terms of acres planted. In terms of market penetration, our growers are doing extremely well.

Rita, do you have some of the specifics on pulse investments?

Mrs. Rita Moritz (Assistant Deputy Minister, Farm Financial Programs Branch, Department of Agriculture and Agri-Food): Yes. I can speak to the industry-led projects that have been announced to date out of AgriFlex. There are two projects with the Canola Council of Canada that would address some of the innovation and competitiveness of that sector. They have a value of \$9.4 million. Also, three projects have been approved for Pulse Canada. Those projects also leverage funding from the industry. The value of those Pulse Canada projects is \$4.1 million.

Mr. Randy Hoback: I'm just curious: are we getting any requests for funding from the barley or wheat industry? No?

Mr. Greg Meredith: In AgriFlex alone we've received some 450 proposals, so we'd have to get back to the committee to be precise about the source.

Mr. Randy Hoback: Okay. I'm going to be a little shameless here. Coming up in March, the pulse industry is going to be here on the Hill, on March 29, I believe, in Room 200, West Block. Of course, everybody should be there to support our industry, and I extend that invitation to everybody here in the room, of course. It's a little shameless, but I'm going to do it anyway.

One thing we're seeing in the canola industry, which has been a challenge in this last year, has been trade restrictions or non-tariff trade barriers on both the meal and the seed. For example, on the meal going into the U.S., we've had some issues there, and also with the seed going into China. Can you just give us an update on where we're at in resolving those issues? Or is there an update to be had?

Mr. Greg Meredith: Yes, you're quite right. With respect to China, there have been some blackleg problems. That's very top of mind for the minister and, in fact, for the Prime Minister. We've had a number of delegations to China. At this point, there are two plants that will accept positive tests for blackleg to do crushing and five that will accept negative.

CFIA continues to participate with Agriculture Canada in efforts to move the Chinese towards a more open market. As you know, blackleg is not uncommon in the seed, and it doesn't affect either the healthiness or the physical appearance of the oil after crushing. We think we can work with the Chinese to continue to open up. In fact, the Chinese are signalling to us that they expect a very significant increase, in the area of \$180 million, I believe, in canola seed exports—or imports, from their point of view—in the coming year.

On the meal side, the issue there is salmonella in meal, meal that is destined not for human consumption but for animals. Again, we're working with United States officials and with the plants involved to make sure they can get off the restriction list that they're put on if there's a salmonella test. These are routine tests. If there is a finding, they go on an import restriction list until they demonstrate to the USDA that they've cleaned up the problem. We expect that we'll clean up and get the companies off the list fairly quickly.

● (1650)

The Chair: Thanks.

Your time has expired.

Mr. Eyking, you have five minutes.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chair.

Mr. Prince, there might be a solution to your shortage of inspectors, because we've lost three plants in Atlantic Canada and two more are kind of looking desperate, so there will be extra inspectors coming out of those places that are shut down.

As a farmer, I guess it's hard for me to believe the rosy picture the minister is portraying of the agriculture industry. The reality is that out of all the industries in Canada, I think, agriculture has the lowest uptake of young people getting in.

I have three questions. My first question is on that. What is the average age of a farmer in Canada now and is the trend going up, meaning that fewer people are going into it? That's my first question.

Second, is it true that safety net payouts are down \$900 million last year from the previous year?

Third, I want you to comment on Mr. Littlejohn's statements to the committee here this week. I'll quote Mr. Littlejohn's statements. He said that they are selling at less than it costs to produce a hog, that the government programs are not doing the job they're intended to do, and that they need some changes.

He also said:

I have been quoted by the minister seven times in the House as supporting that program...

As a producer who participated in this, I'll say to my MP, and I'll say to you as members of Parliament, we should be ashamed of ourselves that we would allow a program to be that ineffective, to be that ineffectual in assisting our producers.

I'd like to have your comments on that third one.

There might be different people answering these questions, but there are my three questions.

● (1655)

Mr. Greg Meredith: I think I'm the lucky one to answer all three. Those are important questions, so thank you.

You know, the average age is increasing in the farming community, in line with the average age of the workforce in the rest of Canada. But it's a great concern in terms of renewal.

Minister Blackburn has just completed a series of consultations with young farmers across the country to try to look at how we address some of the issues that are peculiar to new or beginning farmers, to look at breaking down the barriers to bringing young people back into farming.

So it is a top-of-mind issue. We made some changes recently. We were here at committee, and I believe the committee supported unanimously the changes that we brought into the Canadian Agricultural Loans Act, which made new farmers, who before weren't eligible, now eligible for loans. A number of the new loans going out are for beginning farmers. In fact, the number of loans has increased by some 60%. I believe the value has almost doubled as a result of the changes to that act.

There are supports that go out to the Young Farmers Forum and to the 4-H clubs to ensure that they can continue to attract young people and foster interest in this sector. It's something that's very significant as far as the department is concerned.

In terms of the safety net payouts, I just want to clarify that there is no missing money. In our budgetary estimates from the 2007-08 fiscal year to 2008-09, there is a drop in BRM expenditures, but that's because of the very large injection of funds, largely through the AgriInvest Kickstart that occurred in 2007-08.

There is an apparent shift in money between our planned payouts in 2008-09 versus our probables, or actuals. The source of that difference is that the grains and oilseeds sector is doing extremely well, and therefore drawing much less on the programs. In other words, they're making money from the market as opposed to, as the minister say, the mailbox.

On your last question, you know that we've worked very hard on problems facing the hog sector, going back now two or three years, including looking at changes in the business risk management, or BRM, parameters. The minister did announce emergency advances in 2008 for the hog sector. There was a \$300-plus million take-up on that. In 2009 he announced a stay of default so that the farmers wouldn't have to repay. Now they have until September 2010 to repay.

The other initiatives more recently, that you're aware of, are the transition program...which was a direct result of consultations with the Canadian Pork Council and came out their strategic plan, which recognized that the production in Canada is too high to be sustainable. They set a strategic target to reduce the production from an annual of 31 million hogs to 25.5 million—a roughly 5.5 million annual reduction.

The transition program that we put in place has helped meet that target considerably. I think, at the end of the day, a reduction of probably some 2.8 million hogs will occur in hog production as a result of the transition program, which was, again, designed and delivered with the Canadian Pork Council—in fact, delivered by the Canadian Pork Council—as a way to help farmers exit the business without losing all their equity.

Lastly, the hog loan loss reserve program is really what Mr. Littlejohn I think was referring to. That program may not be paying out as much as some of the producers would have wanted. As the minister said, one of the issues there is making sure that people are aware of the program, and make an aggressive effort to demonstrate viability with their banks and do some competitive shopping, if possible.

At the same time, we do see a fair number of loans going out, and we do see a fair bit of money going out, under that program. As the minister said, in order to give producers a little bit of extra time, we've extended the deadline and we've enhanced the guarantee rate to banks to make sure there's no blockage in loans going out.

As the minister said, too, the question that we'll have to investigate with CPC, the Canadian Pork Council, is what were the barriers in this program? Was it people not walking in the door or was it people getting turned down? FCC indicates to us that by a ratio of three to one, people coming in the door with viable plans are getting approved.

So we'll have to sit—

Hon. Mark Eyking: I'm sorry. I don't want to cut you off, but I don't know how much time is left.

The Chair: Your time has actually expired. When he's done, you're done anyway.

Mr. Greg Meredith: I'll leave the time to the members.

The Chair: Mr. Preston.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you very much, Mr. Chair.

I've certainly been having lots of discussions on the point you made about the grains and oilseeds sector actually getting their money from the market. It's a really great point. I've also been talking to producers from most commodities, and they continue to have discussions with us.

I don't want to keep sending raw goods to other places. I would like to prepare, produce, or do something else for what I grow, closer to home. I know there've been a couple of things going in that direction. But part of putting young people back into the industry is to also involve them in agrifood, whether it is on the farm or off the farm, into the next industry of growing.

What do we have going on in the sense of producing goods closer to home and helping at a time when there's a bit of a credit crunch and people are trying to start industries where they could make goods closer to home? What are we doing to help with that?

Mr. Greg Meredith: You're quite right, the food processing industry is currently the largest manufacturing sector in Canada. Therefore it is a priority to ensure that it remains competitive.

In the 2006 budget, the government announced an ongoing \$500 million action plan. As part of that action plan, significant investments were made in what we call the agri-opportunities program, which is designed to create new technologies and new innovations in Canada, commercialize them, bring them to market, and tie them to new market niches and new market opportunities on the selling side and also on the bringing feedstock from farmers side.

We've seen some really interesting innovations come about as a result of that. There's an extra demand for specialty crops in Canada and an extra supply of processed foods from Canada.

In the more recent Growing Forward framework, there's a significant investment of about \$160 million in innovation, and a great deal of that goes to research. For example, the minister mentioned the dairy cluster, which can range from new attributes to better genetics for products. Some of the research will also be in new food development, and foods with new functional attributes or nutraceutical attributes. That, again, stimulates the processing sector.

The government has recognized that there's a significant competitive challenge that's based on being innovative, adapting, and getting ahead of new markets.

● (1700)

Mr. Joe Preston: That's exactly the point. We've pushed hard to try to help in the job crunch, which came from a recession that didn't really start in Canada, but it sure hit hard in all areas. Even in the agricultural areas, many of the manufacturing jobs are now gone. We've done a fairly good job of creating new jobs and a new economy, a food service economy or a food production economy next to the farm. We need to carry on doing that.

Randy, do you want to ask a question?

Mr. Randy Hoback: Sure.

I would like an update on funding research. It seems there've been a lot of announcements on different types of funding for research. Could you give us an overview on funding research?

Mr. Greg Meredith: Yes. As I mentioned, in Growing Forward, the most recent agricultural policy framework that we've put in place with the provinces, there's significant new investment in innovation. The overall program, the Agri-Opportunities program, has \$160 million over five years. The program includes clusters and developing innovative agri-products. It includes a number of facets of research to advance Canadian crops, animal genetics, or processing.

In addition, we continue to work with our partners across the country on how to organize our internal assets in order to support innovation.

Mr. Randy Hoback: I have one more quick question with regard to the suite of programs, such as AgriStability and AgriRecovery, when changes are made to them. Just to help my colleagues across the table understand, what's the process involved—i.e., between the government and the provinces—in getting changes made to the programs?

Mr. Greg Meredith: As the minister mentioned, there is a very close collaboration between federal, provincial, and territorial governments. That collaboration requires us to have a significant number of provinces, representing a significant amount of production, to agree with us on any change to the nature and form of the programs we're running.

For example, ministers, as a group, have twice looked at parameter changes that include the so-called viability test that deals with negative margins. They've looked at caps and other dimensions of parameter changes proposed by various elements of the sector—primarily, and most recently, the livestock producers—and in both instances they've declined to make those changes.

Right now we are undertaking a fairly significant review of risk management programs in conjunction with the provinces and territories, and as a result the feeling is that perhaps we should be waiting to look at the outcome of that review before we make more parameter changes. But as the minister mentioned, he and his colleagues are always open to new ideas.

The Chair: Thank you. The time has expired.

We have a few minutes left. We have one question, Frank, if you would like to ask it.

Mr. Francis Valeriotte: Mr. Meredith, you said you are in discussion with the provinces about perhaps changing the viability

test or that mechanism—AgriStability, etc. You said they've declined the suggestions.

Are you telling the farmers out there that this government has proposed changes to the viability test that they would favour and they've been declined by the provinces, or that the provinces have made the suggestions and the federal government has declined them? Can you be more specific?

● (1705)

Mr. Greg Meredith: I apologize if I was unclear. It's really industry that's making the proposals. When I say "they", it's the ministers collectively who have twice looked at those proposals and not accepted them.

Mr. Francis Valeriotte: Could you tell us why?

Mr. Greg Meredith: The thinking right now, as I mentioned, is to look at those parameter changes and suggestions coming from industry within the context of the BRM strategic review. Ministers have now tasked officials to start a more detailed dialogue with producers about where they would like to see the sector go; their vision of the sector; and how risk management programming, including changes to risk management programming, might support that vision. Those consultations are going to be starting toward the end of this month with our national program advisory committee, and then there will be an extensive outreach at the provincial and national levels to find out the best ideas for a new framework and how business risk management programming can support that vision.

Mr. Francis Valeriotte: And that outreach includes the industry?

Mr. Greg Meredith: It is primarily to the industry, yes.

The Chair: For clarification, Mr. Meredith—for me more than anybody—when Frank asked about being approached by the industry, did you say that it was minister or ministers?

Mr. Greg Meredith: I said ministers, collectively—federal, provincial, and territorial ministers.

The Chair: I wanted to know if it was the provincial ministers.

Mr. Greg Meredith: Yes.

The Chair: I thought that's what you said; I just wanted to clarify it.

Mr. Greg Meredith: I apologize.

The Chair: No, it's not your fault, it's my farmer's ear.

Alex, do you have a question?

Mr. Alex Atamanenko: I have a very quick question. I know that the "Product of Canada" now is 98%. At committee it was recommended there would be 85%, and I know that there have been some movements and discussion. I am wondering what's happening with that now. Is there some movement to move it to 85%? Where are we at?

Mrs. Sandra Wing: I'll answer part of that.

On the “Product of Canada”, it's been just over a year since the implementation of the policy, and as is typical, we look at our policies to see how they are being implemented and whether they are effective. There have been concerns expressed by industry, in particular related to those substances or foods that aren't homegrown in Canada, so we are beginning consultations both with industry and with the consumers, because the consumer's view might be somewhat different.

For a point of clarification, with respect to products of Canada, there are two standards. One is “Product of Canada”, which is all, or virtually all, Canadian; and then there's “Made in Canada”. We're consulting on the policy. We're checking to get the views of industry as well as consumers, looking at whether there are potential options moving forward.

Mr. Alex Atamanenko: Thank you.

The Chair: Thank you.

Just a comment on that, and André I'll go to you in a second.

What consumers are telling me is that they're not happy with 98%, they want 100%, but the industry and some people believe we should go to 85%. What I get out of hearing that is some processors want to be able to have the ability to add 15% instead of adding 2% of foreign product. I'm certainly opposed to that. I've always supported the 98% for that reason.

The intention of that “Product of Canada” labelling when it came out was to identify the main products. If you were producing strawberry jam, the intent was that as long as 98% of those strawberries were in there, it could be labelled. The other stuff, some people want to make a deal out of the salts or the sugars or the spices that might go in something; the consumer isn't worried about that. At least that's the message I'm getting.

Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: I do not want to spend too much time on this, but consumers are telling me that if they want a product of Canada, they have only to look on the shelves. There are products from the U.S., China, but if they want a product of Canada, they just have to take the one without a label, the one that does not say anything. We cannot put “product of Canada” on jams made in Canada.

Mr. Meredith, you have obviously taken the time to look at the budget carefully. So you must know that all departmental budgets have been frozen except for the Department of National Defence and the Prime Minister's Office. That shows where this government's priorities lie.

How has or how will the departmental budget freeze impact the Department of Agriculture and Agri-Food? Will jobs be lost? Will

cuts be made to certain programs? A number of announcements were made for several years. Is the money available, and will we still be able to move forward with those programs?

• (1710)

Mr. Greg Meredith: Thank you for your question, Mr. Bellavance, but I am going to let my colleague, Pierre Corriveau, answer.

Mr. Pierre Corriveau (Assistant Deputy Minister, Corporate Management, Department of Agriculture and Agri-Food): It will not affect contributions to producers, be they statutory programs or voted programs. There will be cuts to the department's operating budget. As for salaries, no layoffs are planned during the course of the year, but we are always talking to the people at Treasury Board Secretariat, as it depends on when the collective agreements expire. We are also trying to make the department more efficient in order to find money in our operating budget, but contributions to producers will not be affected.

[*English*]

The Chair: Thank you.

Mr. Storseth, you get the last question.

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

I didn't want to interrupt my honourable colleague, Mr. Bellavance, but I for one am very happy that the Department of National Defence has been left out of this. I think it's important that we continue to support our men and women of the Canadian armed forces.

But on his “Product of Canada” comments, and he was part of the committee, it is important. When we had our testimony here it was very obvious, as you said, that we need a gold standard in this country. It's important that we recognize that this is voluntary labelling. You can still go “Made in Canada” and you can still go other labels, but “Product of Canada” now means Canadian content, and that is what my farmers and my producers want to have.

We can go out and sell this, not only here in Canada but around the world, but we have to have a gold standard that's no longer 50% of the product was packaged here. It has to be a gold standard. You don't get a gold standard by diluting it to 80% or 75%. It's all, nearly all, or nothing, as far as my producers are concerned.

I think it was an excellent move and I hope we continue with that.

The Chair: Thank you.

On that note, again I'd like to thank all our staff from the agriculture department and from CFIA. I think we had a lot of questions answered here today, so thanks for coming.

The meeting is adjourned.

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