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**EVIDENCE**

**Thursday, February 14, 2013**

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**Chair**

**Mr. Merv Tweed**



## Standing Committee on Agriculture and Agri-Food

Thursday, February 14, 2013

• (1100)

[English]

**The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)):** I call the meeting to order.

Good morning, everyone. Welcome to the Standing Committee on Agriculture and Agri-Food, meeting number 67. In accordance with the orders of the day, pursuant to Standing Order 108(2), we are continuing our study of the agricultural and agri-food products supply chain, the grains and oilseeds segment.

Joining us today from the heart of Canada, the Brandon—Souris constituency, we have Cal Vandaele, who is the president of Vandaele Seeds Ltd., and David Rourke, who is a director, Western Feed Grain Development Co-op Ltd.

Welcome. Can you all hear us clearly? All right.

I'll ask you, as you were briefed, to give a brief presentation and then we'll move to questions from the committee.

David, do you want to start?

**Mr. David Rourke (Director, Western Feed Grain Development Co-op Ltd.):** Sure, I can start.

Good morning, ladies and gentlemen, and MPs. Hello, and thank you for the invitation to speak to you today.

My name is David Rourke, and I'm a farmer from Minto, Manitoba. I obtained a B.Sc. and a master's degree from the University of Manitoba. I've been married to my wife Diane for 36 years, and we have four kids and five grandkids. We started farming in 1980 and now run a 5,300-acre grain farm with our son Donald. We used to finish about 15,000 pigs per year, but currently operate a 600-head goat dairy.

I am also an agriculture research scientist. I founded Ag-Quest, Inc., in 1983. Ag-Quest is a contract research company, with four research stations across western Canada. My daughter Dana is in the process of taking over Ag-Quest from me.

I also founded what we call the Western Feed Grain Development Co-op Ltd., which is a farmer-owned, wheat-breeding cooperative formed to develop general purpose wheat varieties for western Canada, although we are interested in expanding that mandate.

I did send out a brief, but I discovered last night that it was a bit long, so I'm going to skip some of the portions.

I'm here today to promote support for a significant farmer-owned, plant-breeding initiative. I believe the best time to have started a

farmer-controlled, plant-breeding resource was probably 25 years ago, but the next-best time is now.

With the changes that Minister Ritz has started with the Wheat Board and the registration system—namely, the elimination of KVD and the establishment of the general purpose class—along with the job and program cuts that have occurred at AAFC and the Canada Grains Council, there exists an opportunity for farmer-owned, plant-breeding organizations to be established. With what I believe to be the further demise of public plant breeding, we believe we need at least one progressive farmer-owned, plant-breeding organization to ensure competition in the seed business.

Please don't misunderstand. I'm not against what the multinational companies and other private breeding companies either have done or can do, especially regarding innovation and developing novel traits and improved genetics. We need innovation from all sectors to supply the world with feed and food stocks. I also don't see anything wrong with the multinationals getting as high a return on their investment as they can from the marketplace. They have responsibilities to their shareholders to do just that.

However, I, like other farmers, have a responsibility to my shareholders. Those are my wife, my kids, and my grandkids. For that reason, I want to have an alternative in the seed supply business to ensure that I and other farmers are not paying too much.

I have two recent examples of farmers paying too much. If there were a farmer-owned alternative, I think prices would be more in line with the cost of production, and my shareholders would be getting a more stable return.

The first example is nitrogen fertilizer. In the fall, the price for anhydrous ammonia was \$1,000 a tonne. With natural gas at an almost all-time low, at about \$2.50 per unit, the cost of production of anhydrous ammonia is estimated to be less than \$200 a tonne, so that's an \$800 per tonne spread. If farmers could and should own their own nitrogen production capabilities, they could move that profit back to their own pockets. There are at least three farm-led initiatives to help bring balance back into that fertilizer market.

A second example is with canola seed. In 1980 canola seed was probably about \$1.50 a pound, if you adjusted to 2012 dollars. However, in 2013 it's now \$11 a pound. Although there are certainly improvements in genetics and the technologies that we have, that's a 6.7-fold increase in the price of seed. I think this handsomely allows the plant-breeding companies to recapture a return on their investment, but it also costs farmers quite a lot of money.

Yes, there are improvements that require a return on investment to the technology providers, but there are a couple of realities in the canola industry. We believe the return on investment to farmers from canola is actually declining and the risk on returns is getting quite high. In other words, canola is very expensive to grow, and only if everything goes great all season and you have an above-average yield do you make any money with canola. As a result of this higher risk, plus increased plant diseases, canola acres are starting to decline.

● (1105)

Further, some of the old new technologies such as the Roundup Ready gene in soybean, are now off patent, but with evergreening of patents, prosecution threats, fear of intimidation, and fear of prosecution in an environment where questions about access to the technologies have not or don't seem to be answered, no one is taking advantage of the off-patent technologies to help ensure competition in the seed business.

Now I come to the crux. My requests today are for the consideration of the following points.

The first is that the federal government restore a vigorous, publicly funded plant breeding initiative in Canada.

Second, if that's not possible, even with check-off and cost-share assistance, then make those facilities, programs, and germplasms available to farmer-owned plant-breeding organizations on a preferred basis over multinationals to ensure that farmers in Canada have competitive alternatives in the future.

Third, while we need to look ahead to develop new traits for superior field performance and economic advantage, we also need to have the opportunity to further access old traits associated with these old new technologies that are now off patent or will be coming off patent. We need a clear path forward to use those traits in breeding programs without legal uncertainty about freedom to operate.

Fourth, we need a robust effort from the multinationals to develop new traits and germplasms for affordable solutions to feeding an ever-increasing population. I think there's room for all.

Fifth is something very concrete. We would like to see the Winnipeg AAFC Canadian prairie spring wheat program, which currently has no breeder because of retirement and is not likely to be refilled because of job cuts, be the first program to be turned over to a farmer-based plant-breeding company. The Western Feed Grain Development Co-op Ltd. is the only farmer-owned wheat-breeding organization in western Canada at the present time. It is our hope that as we move forward, every farmer in Western Canada will take the opportunity and responsibility to become an owner of what we see as a larger and larger farmer-owned plant-breeding company.

Sixth, we've asked that the government promote that a significant portion of the new wheat and barley check-offs go to farmer-owned plant-breeding initiatives.

I would also like to list some of the reasons I know that a farmer-owned plant-breeding company can provide effective competition.

The first is that we have actually run a small farmer-owned plant-breeding company, WFGD, with 80 members for the last seven years.

We will be putting a general purpose wheat variety forward to the registration committee in February and expect to receive registration. It ranks third in yield in the southern Manitoba zone, which is where we bred it for; it has above-average fusarium head blight control; and it meets or exceeds the minimum requirements of all diseases.

I must also point out that there are three very good checks that we have to compete against, and we're out-yielding them all. One of them is a soft white wheat developed in Alberta that is a very high-yielding wheat. One of them is a CPS wheat from Syngenta, one of the multinationals, and the third is a German wheat that was put in the program in the general purpose class. We actually have out-yielded them all, so we're quite proud of that, and we've done it with a very modest budget and using only traditional techniques. We moved this variety from its initial cross in 2005 to the registration process in just over seven years.

Second, even within some of the biggest companies, traditional methods of using intensive nurseries with vigorous selections result in new marketable traits. Therefore, not all new traits will be the result of GMO technologies and would not have the same development costs as GMO technologies.

The third reason is that in our experience, farmer-owned organizations get good cooperation and germplasm exchange from around the world. We work with CIMMYT and many other organizations to get new parents in our program.

● (1110)

Fourth, new initiatives in Manitoba, such as the proposed plant innovations centre in Winnipeg, as well as university programs from other provinces will be complementary to farmer-owned breeding initiatives.

Fifth, farmers are beginning to recognize that in order to protect their future and the return on investment for their shareholders and families, they must be proactive.

Sixth, innovative agronomic work, as well as new technologies, are more available today than ever before. While many of these new technologies will be controlled by multinationals, there are some from public institutions that will be available under licence.

Seventh, innovation is often in the hands of the visionary and certainly is not exclusive to large companies.

Eighth, I believe that it is in the government's interest to make sure the remnants of publicly funded programs that are being disbanded or terminated are disposed of in a way that creates the most benefit to the most people, in this case starting with farmers who will most directly benefit from the results of these plant-breeding initiatives.

Thank you very much.

**The Chair:** Thanks, David.

Cal, please go ahead.

**Mr. Cal Vandaele (President, Vandaele Seeds Ltd.):** Good morning.

I'd like to personally thank Mr. Merv Tweed and his staff for the invitation and the Standing Committee on Agriculture and Agri-Food for the opportunity to present today.

My name is Cal Vandaele. I'm a co-owner of Vandaele Seeds in Medora, Manitoba. Our family business is active in the purchasing, processing, and exporting of cereals, oilseeds, and pulse crops. In addition to the seed- and grain-cleaning operations, we also have our own trucking company, Vandaele Logistics, which services our own customers and also does custom hauling. We also operate a 10,000-acre grain farm. We currently employ 40 full-time and four part-time employees in addition to our family members.

In relation to the supply chain for grains and oilseeds, I'd like to present three main areas of concern, or three subjects, to you today. One of them is a concern that's more related to our company, and two of them I believe are becoming bigger industry issues.

On the first subject, our business is located just a few kilometres from the U.S. border. Up until about two years ago, we were able to transport export shipments to the western U.S.A. through the closest border crossing. In particular, that's the Westhope, North Dakota, or Coulter, Manitoba, crossing located on Highway 83.

We recently had the renewal of our permits denied by U.S. customs, as our shipments through this local crossing were not considered local deliveries. This has resulted in our having to reroute truck traffic to the port of Dunseith or the Boissevain, Manitoba, crossing. The other option is to move over to the Portal, North Dakota, or North Portal, Saskatchewan, crossing, which results in a lot of extra kilometres per trip and excessive trucking costs.

During load restriction season, which is coming up, it is even worse, as the trucks have to travel much further south before moving back north, only to turn around and head south again, all in an attempt to find unrestricted highways. We also cannot find an acceptable route within Canada, again due to extra mileage and road restrictions in season.

If we could have the privilege of using the port of Westhope or Coulter, Manitoba, it would result in the savings of thousands of dollars and provide our drivers with more hours in their logbooks, resulting in higher productivity.

Highway 83 is a major trade corridor, an unrestricted highway running from Manitoba to Texas, yet we are hamstrung by a local border crossing with limited hours of service and no ability to put

commercial truck traffic through that port, although the oil industry is using that port regularly.

In addition to that, there is a relatively new intermodal and ocean container service available at Minot, North Dakota. There is a good supply of empty ocean containers available at the facility, containers that have brought oil field supplies in and are being used to export grains and oilseeds back out, primarily from North Dakota companies.

Our company has been strongly considering the use of this terminal for two reasons. The first one is that the ocean freight rates from the terminal in Minot to overseas terminals are quite competitive. The second reason is that the terminal in Minot is only 150 kilometres from our business, as compared with our nearest Canadian terminal at Winnipeg, which is 330 kilometres.

Obviously this can be a huge savings or business advantage, but we have the same problem with using the terminal at Minot, the issue again being the port of Westhope, North Dakota, or Coulter, Manitoba. We can only bring empty ocean containers back through the Canadian crossing; once the container is loaded at our plant and has to go back to the terminal at Minot, it has to be rerouted over through Dunseith, North Dakota, or to Portal, again resulting in a lot of extra truck traffic and costs.

I believe that in the best interests of economic development—not just agriculture, but economic development in general in western Manitoba—it would be beneficial to explore the idea of transforming the Westhope-Coulter border crossing into a commercial port.

The second subject is this. Our company has been very active in the processing and exporting of flaxseed to Europe for many years. When a GMO event, CDC Triffid, was discovered in Canadian flax shipments a few years ago, it brought that line of business to a grinding halt.

The acceptable level for GMO in Europe is essentially zero, although there is an extremely small tolerance, as the labs cannot test to exactly zero. Zero is an unforgiving number, and nearly unobtainable for any exporter.

The Canadian flax industry has suffered a serious setback since the Triffid event. Normal trade has not yet been restored, and perhaps never will be, as eastern European production has taken Canada's place.

• (1115)

GMO crops are everywhere in our supply chain system, and we believe that moving to a low-level presence system is absolutely necessary. Even the most stringent Identity Preserved programs and testing programs, such as the certified container sampling program introduced by the Canadian Grain Commission, can't mitigate the risk and the liability involved.

Our company has worked diligently to bring back our European flax business with a small degree of success by using the Canadian Grain Commission certified container sampling program. I believe the government plays an important role in negotiating policy on low-level presence for the future.

Number three, my final subject, is availability of employees and labour to the agriculture industry. As the baby boomers ease into retirement, I believe this is one of the biggest issues facing our industry. Nearly every business owner or farmer I talk to is indicating that this is their biggest challenge right now. Even the most efficient business models and supply chains don't run themselves. It takes quality people to run every business and every organization.

I consider our family business to be very fortunate to have such a fine staff. However, as our business continues to grow and requires more staff, we find it increasingly difficult to recruit people, especially in rural areas with low populations. We've had some great people join our staff from overseas and we believe that recruiting more people from these countries will be required. However, in saying that, we find the LMO process, the labour market opinion process with Service Canada, to be very time-consuming and not very user-friendly. As a small company, we don't have the resources to spend as much time on this as is required, and I suspect that most small business owners would agree.

I'm unaware if such a thing exists or not, but I would like to see recruiting agencies specific to smaller agribusiness, to help seek out quality people and assist in getting them to work in western Canadian agribusiness. This would include taking business owners to these countries on labour missions to help set up interviews and assist with the LMO process with Service Canada and help get immigrants settled in Canada, including details such as health care, driver's licences, day care, housing, etc.

In closing, I'd like to make a personal comment. In my personal opinion, the move to a dual market for wheat and barley has been one of the single biggest advances for farmers of my generation. I believe that it will ultimately prove to be a very positive change and give young farmers the choice in marketing that has been long overdue. As I suspected, the flow of grain has not really changed, and my neighbours are not lined up at North Dakota elevators to sell their wheat. They are marketing at home, with price transparency and freedom to make their own choices in a supply and demand market. I commend Mr. Ritz for his perseverance on the issue.

Thank you kindly for your time and the opportunity to speak.

• (1120)

**The Chair:** Thank you very much.

We'll open questions with Mr. Allen.

**Mr. Malcolm Allen (Welland, NDP):** Thanks very much, Chair.

Thank you to both of you for being with us today. The chair loves to tell us how wonderful Brandon is, and let me say, as somebody who lives in southern Ontario, I don't necessarily disagree with him. I've had the pleasure of being out there. It is a wonderful place.

Mr. Vandaele, if I could start with you, sir, at the tail end you talked about labour issues and labour shortages. In Niagara where I

am, we face similar issues in the agriculture sector. We have a different type of sector than you, obviously. We have 38 wineries and obviously we have a number of vineyards and tender fruit crops and those sorts of things, but we have a similar issue.

There are variations from province to province to a certain degree around resettlement issues, and if I heard you correctly at the end, I think what you were talking about, if we go overseas to recruit... I think it's an interesting idea, what you're talking about—that we'd do it in a collective way with farmers and small agribusinesses.

Are we talking about bringing workers in who are then on a path to a landed immigrant process or a citizenship process, or are we simply talking about temporary foreign workers?

Where were you going with that? I wasn't quite sure.

**Mr. Cal Vandaele:** Yes, thank you.

I see us being on a path to citizenship for these people. We currently have four employees who have come from Ireland and England, all of whom are serious about staying in Canada and building a future here. Some of them already have their permanent residency. This is not about short-term fixes. We're looking at the long term. We're looking at bringing quality people to our communities and making a future for them within the community and within our business.

**Mr. Malcolm Allen:** To be fair, sir, I thought that's where you were headed. I appreciate those thoughts, because I think that is a progressive way to look at farm labour, in the sense that if we're going offshore to get it, and indeed they choose the path to citizenship—this is an individual choice for those folks who want to come—then why not, if that's what they want? I applaud you on your efforts to do that, and of course, on hiring somebody from Ireland. My father actually came from Belfast. I actually came from Scotland, so it's kind of a mixed group.

Mr. Rourke, you talked about a number of different things. One of them was what one might describe as the public good, in the sense of how we do public investment that then becomes utilized by all folks who wish to take it up. Do you see a need for us to be doing more of that? If we're not doing more of that, you started to outline where you thought individual farmers or cooperative groups might take it on.

Could you help us understand a little bit better what that should be, beyond just that we should do more public research? I agree with that, by the way. What would you see if that weren't happening? How could we help cooperatives like yours do that type of work that becomes the public good?

• (1125)

**Mr. David Rourke:** I've thought about that a little bit, but probably I don't have the definitive answer.

I know that if farmers have too much control and food becomes scarce and we export our food out of the country and our own families and our own citizens are either paying too much for food or not getting what they want, there will be some kind of backlash. I think keeping us competitive and keeping food relatively inexpensive is how you justify public good, in terms of research on the farm.

We're only 2% of the population now, or less; about 98% of the people have to be fed from those farms or from export.

My name is Irish as well, and my grandfather was born in Ireland in 1822. He would have been 25 at the time of the great Irish potato famine. He died in Valcartier, Quebec, in 1879. He lived through some of those times when there wasn't a proper distribution of power, I guess. I'd like to see us avoid that and put more dollars into good public research so that farmers can operate more stably.

The other thing I've noticed is that you can either pay me now or you can pay me later. It's like changing oil in your truck. If you don't look after things at the front, you'll end up paying more at the end, and either we pay that through being less competitive and having higher food costs by not having the appropriate research—and as I pointed out, appropriate research should be done partly by farmers so that there is always an alternative there. Of course, the multinationals, which have huge resources and world programs that could be leveraged for many countries, will also be part of those answers.

I don't know if that answers it or not.

**Mr. Malcolm Allen:** The issue I hear from the large seed companies and their sense of what they want to do, especially in the oilseeds and primarily in the grain sector, and about their lack of investment in this country, is this very sense of farmers saving seeds, so then there isn't a market for them per se, or it's too small, so they don't wish to do that. If we're talking about the public good versus a large seeds and plant breeder, how do we find a way to balance the two?

Obviously, we're not suggesting they can't do things. If they're saying you need to open up and let us do more in those sectors, which basically pushes the public good out, how do we balance that?

I'll go to Mr. Rourke.

Mr. Vandaele, if you'd like to take the last bit of whatever time Mr. Tweed will give us to finish off with that, I'd appreciate it. I know you're in the seed business. I'd be interested in hearing your thoughts on it.

**Mr. David Rourke:** Certainly we don't want to extract a lot more money out of our farm budgets so that multinationals can make a profit. They have to give us something in return that's worth more than we're getting now.

Cal and I were talking about the canola industry and how dramatically that's changed, yet how it hasn't changed. While there are some innovations, the risk has gone up. To find that balance is going to be difficult. Even a farmer-owned plant-breeding company is going to have to find the money from some source, and that's going to have to come from individual farmers. They're going to have to pay a certain amount, either as an end-use royalty, a royalty on the seed, or a check-off, to pay for that new technology.

Traditionally we've been getting it through public good and through the plant-breeding organizations of Agriculture Canada, as well as some provincial programs and some universities. If that's going to diminish, then we have to look for other alternatives.

To create that balance of increased cost to farmers and more net return, I think it's an uphill battle for some of those big companies. What are they going to bring to the table that's going to be worth that much more money that farmers would be willing to pay them that much more? I have some doubts.

In the public press, there have been all kinds of criticisms of the western Canadian plant-breeding system and how far we are behind in wheat. I picked up an article yesterday from Montana, and I see it increased yields 25% by putting pulse crops in the rotation with wheat. It went from 18 bushels to 23 bushels. The Wheat Board wasn't hampering them and the Canadian variety registration system wasn't hampering them. They had full access to whatever is available around the world in that environment.

We're in tough growing conditions. In the last 30 years.... Let me put it another way. I can increase the yield on my farm by double, and I can tell you exactly how to do that. If I reduce the temperature in the growing season by 2°, and only 2° on average, I can double the wheat yields on my farm. I did that in 1985 and I did that in 2009. I can bring in German material and I can bring all kinds of material, and it doesn't necessarily perform very well. We don't get 150 bushels an acre just by bringing German material and U.K. material into our environment. It's tough work to get those yield increases.

As I pointed out before, with the Western Feed Grain Development Co-op, we've actually done pretty well in the time we've been operating.

● (1130)

**Mr. Cal Vandaele:** I think David makes some good comments.

When I was a young man starting in the seed business, it was a different world. We had a lot of public, maybe private, varieties in the marketplace, but the royalty structure on a bushel of seed sold to the farmer was about one-tenth of what it is today. We were remitting royalties of anywhere from 10¢ to 25¢ a bushel on seed varieties back then to organizations like SeCan. As public plant-breeding money was cut off, we've seen higher and higher royalty structures in the seed business, as plant breeders had to get a return on their investment. It wasn't long before we started seeing royalties more along the lines of \$1 a bushel on certified seed sales. That's when we saw the farmers resort more to brown-bag seed, using their own seed, and not buying new seed in the same quantities.

If you talk to most seed growers or seed processors in western Canada, they would say they've seen a drastic reduction in the amount of seed they sell versus 20 years ago. If it were only 25¢ a bushel, most farmers would be more inclined to buy higher volumes of certified seed and new varieties, as David was saying. If 10 farmers bought all their seed at 25¢ a bushel royalty, it generates a lot more money at the end of the day than farmers buying smaller amounts at the higher royalties. It's an economic engine.

**The Chair:** Thank you.

Go ahead, please, Mr. Hoback.

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

Thank you, gentlemen, for braving the cold and coming out and being with us here this morning to talk about this.

You both touched on some very interesting things that we've heard before in the committee—for example, low-level presence, and Mr. Vandaele, you talked about that. That's something that is a must, whether it's in Canada or abroad. Low-level presence is something we need to have in our trade agreements and see brought about in the markets we're selling to. Your example of flax is a prime example of why low-level presence is required. Don't worry, we're going to fight for you on that one, for sure.

Mr. Rourke, you talked about public plant-breeding and you talked about farmers getting together to do plant-breeding. One of the complaints I used to hear all the time was that we didn't have a great stock of personnel coming through the ranks of the universities to actually take part in this public plant-breeding.

Do you see that improving? Do you see more skills coming through the university ranks and more people looking at that as a career opportunity versus what we've seen in the past?

• (1135)

**Mr. David Rourke:** This is a good point, and I reflected on this issue yesterday. If there are fewer public programs and a diminished ability to train people within public universities or Ag Canada systems, we will eventually have a diminished capacity to do private plant-breeding work.

In our own situation, we've used a couple of plant breeders. One was a retired Ag Canada plant breeder; he made the initial crosses on this new variety. We have one fellow from Pakistan and we have one guy from China—really good people, but we just don't seem to be able to find the same type of quality locally.

**Mr. Randy Hoback:** How do we encourage more students to look at this? Wages are one thing for sure, but there is quality of life. There are a variety of reasons that this would be a good career.

What do you think are the main obstacles preventing students from considering this as a career path?

**Mr. David Rourke:** There are probably a couple of things.

One is that in order to get, say, a Ph.D. in plant breeding, you have to come up with something new, and sometimes those things aren't very practical from a plant-breeding organization's point of view. Sometimes they're cutting-edge and somebody will use them, but in our type of situation, we need people who are hands-on and know

how to put seed in the ground and make the crosses and be all-encompassing. There are certainly Ag Canada breeders and university breeders who do this, but the training to get a Ph.D. in plant breeding today isn't very conducive to it.

**Mr. Randy Hoback:** Mr. Vandaele, you talked about some of the labour issues. This is something we're hearing about across the sector, not just on the grain farming side of things: we're hearing it from honey producers.

In the situation with honey producers in my riding, one thing is that the province has the ability to make exemptions in labour market opinions. They can look at the trade in a sector and say that in this sector, we just can't get enough people, so we don't need to go through the process of doing the advertising and we can be given an exemption. Then you can look at bringing employees back year after year from certain countries, to build some consistency in your work force.

Have you talked to the Government of Manitoba about that? The province would control that type of situation.

**Mr. Cal Vandaele:** Yes, we've cooperated with the Manitoba immigration department on getting some of these people into Canada, and they have been quite supportive, but ultimately Service Canada has the final say; the Manitoba immigration department is basically a go-between. As well, there are so many technicalities: you have to advertise in your local newspapers, get quotes from the national job bank....

**Mr. Randy Hoback:** That's a misconception. That's what we believed in Saskatchewan. Then we found out that this is not the case; actually, the province has the ability to say that a sector is exempt, meaning you don't have to go through the whole advertising process. The province can go back to Service Canada and say that in this sector, we have such a shortage of employees that we have no ability to find those employees in Canada on a year-to-year basis.

I wonder whether you've been informed of this and have looked at it as an option to get through some of that paperwork and that bureaucratic nightmare in Service Canada.

**Mr. Cal Vandaele:** No, actually I'm not aware of it. That's interesting, and I'll certainly look into it. From the experience I've had with it, Service Canada had to give us the green light, and it's been a frustrating experience. One technicality in the advertising means there is reason to reject the LMO, etc.

**Mr. Randy Hoback:** Yes, there are lots of things. My honey producers were saying the same thing, and actually my grain producers are saying it now too.

The other thing talked about, Mr. Rourke, in relation to plant breeding and trying to double our yields or get more production, is that we're going to have to face the reality, going into 2020, 2030, 2040, 2050, that we have a population that's growing across the world and we're going to have to feed them.



A lot of resources are going into other areas to increase capacity or productivity. For example, you can go back to no tillage. In fact, Mr. Vandaele, you probably would remember the days before no tillage, and now no tillage has made a huge difference in production, and not only in that but in the environment and the efficiency of farming operations.

Do you think government should have a role in looking at other areas of efficiency gain in agriculture? Again there's a problem: you're saying it should be in the seed sector, but the seed sector is just one part of the puzzle. When you look at the farming operation, you have the combines, you have the seeding equipment, you have the agronomics, such as with fertilizer.... When does the government involvement start and stop?

How do you see this question?

● (1140)

**Mr. David Rourke:** There are lots of questions that aren't answered, outside of the germplasm question. As we become warmer, we may have to look at different crops, and not just at whether or not we can find new and improved wheat: corn is becoming more of a reality in Manitoba now.

Some of us are still skeptical, because three times in the past it has increased in acreage and then has fallen. I think we're up to just over the acreage we were at in 1981, until we had an early frost and corn didn't look as promising, but if the global warming scenario is the reality it appears it will be, we can double our yields with things such as corn. That's certainly a possibility—just adding new crops and adapting things such as corn to our area.

There is another area I've been intrigued with, called biological farming. I did my master's work in zero tillage and I know there are a lot of advantages to it in building soil, but it's still a slow process.

Is there something that could be faster? In *The Western Producer* a couple of weeks ago, Dr. George Lazarovits, who used to be an Ag Canada employee and is now with A&L Biologicals, made note of a farmer in Ontario who got 300 bushels an acre of corn last year, whereas the neighbouring farms got 135 bushels. There is a case of doubling yields, but we don't know why it happened and why that farmer can do it.

I've tried some of these things on my own ticket under the auspices of biological farming. I can't get any ARDI support for it—that is, the Agri-Food Research and Development Initiative. Unfortunately, depending on the year.... Last year we got nothing from any of these things that we tried.

There is a role there for somebody to do something, and these are not things that the multinationals are promoting. If we can increase nutrient recycling in our soil in a faster way than using zero tillage and reduced tillage, nobody is working on such solutions.

That would be one example, but we're going to move very slowly unless we have some publicly funded dollars there.

**Mr. Randy Hoback:** When it comes to that yield difference, it could be the difference between a New Holland and a John Deere combine, of course. You know that.

**Some hon. members:** Oh, oh!

**A voice:** Yes, that always makes a difference.

**The Chair:** Thank you.

Mr. Valeriote is next.

**Mr. Frank Valeriote (Guelph, Lib.):** Thank you, David. Thank you, Cal. I'm Frank Valeriote. I have a couple of questions.

I had the opportunity to read a report on the new fee structure for the Canadian Grain Commission. I ultimately don't support the findings and the conclusions of that report. I'll publicly tell you that, and I'll tell you why and what it stems from.

I read in the report that the government has decided to ascribe 9% to the public good in its fee structure and 91% to the private good; therefore, 91% of the cost should be absorbed by the industry, which, as I think we all know and as was admitted in the report, will ultimately be passed down to farmers.

In the United States they ascribe 37% to the public good and 63% to private good. In the United States they are ascribing four times as much to the public good, which reduces the pressure on farmers.

I've talked to stakeholders since I had an opportunity to look at that report, and they've expressed their concern to me about that issue. I wonder whether you can comment on it, in light of the fee structure, and say whether you're content with the 9%-91% division.

We can start with David.

**Mr. David Rourke:** I am going to suggest that Cal is probably more.... While it affects us, he is probably more attuned to it.

**Mr. Frank Valeriote:** Cal, that's fine.

**Mr. Cal Vandaele:** I'm not really well versed on the whole thing, to be honest with you. We don't have to do inward or outward inspections, so I'm not really up to speed on some of the issues. My involvement with the Canadian Grain Commission is that we're a licensed and bonded grain buyer with the Canadian Grain Commission.

We have to post a bond. There has been a lot of discussion in the Grain Commission about that subject. There is still an unlevel playing field, because as a grain buyer, I have to post a bond and do audited reports for the Grain Commission, whereas other buyers don't have to. If you're a cattle feed lot or a feed mill or if you buy canary seed, which is considered exempt, bonding isn't required, so there is—

● (1145)

**Mr. Frank Valeriote:** I'm sorry to interrupt you. I look forward to getting a continuation of your answer later, but I was trying to focus in on that very issue, and if you're not able to or you don't feel comfortable, that's fine and I respect that.

David, are you any more able, or would you prefer I ask a different question?

**Mr. David Rourke:** Probably a different question would be—

**Mr. Frank Valeriote:** Okay.

David, you spoke of how, now that there are off-patent seeds, there's not a lot of competition that has arisen with respect to off-patent seeds.

I guess in my own mind I ascribe some of that to the fact that—in fact, I've learned this travelling across the country, as many of us have over a number of occasions—there's a decline in the amount of investment in public research. I'm wondering if you agree that may be a contributing factor.

As well, can you tell me, in your opinion, why there doesn't seem to be greater competition in off-patent seeds? Is it because of the amount of capital that would have to be invested? Do farmers naturally shy away from it? I don't know. Can you explain that further?

**Mr. David Rourke:** I think so. There are probably two issues. I'd like to start with soybeans.

Soybeans are a relatively easy crop. It's not a hybrid crop, so we can make crosses reasonably easily, but we don't know if we can actually use the Roundup Ready 1 gene. Some people say we can, while other people say we need to get permission from Monsanto, and of course they're not going to do it.

They've put in a lot of contractual laws that say as a farmer I could buy that seed, but I'm not allowed to use it for any other purpose, even though it may be off patent. Pioneer Hi-Bred has come up and said they have 260 patents on their soybeans and they're hiring ex-RCMP or ex-policemen to discover any misuse of their contract law, so people are afraid. You don't want to invest seven or 10 years in developing a trait with an off-patent gene, and then, even if you're right, if you're tied up in court because they have more legal expertise and a bigger legal budget, you've spent seven or 10 years doing nothing.

We need some clear rules on when something was off patent and how you take that germplasm the off-patent gene is in and incorporate it into your breeding program without fearing that you're going to be taken to court later on. We don't want to steal anything; we just want access to stuff that should be off patent and free.

The other thing is they use what they call evergreening. They add one patent to another patent, and then you can't separate that gene out of the mixture. There's no clear rule.

We've talked to CFIA, to the Seeds Act people, to companies that sell the seed, and of course they say you have to talk to Monsanto. I know why these companies are doing this, and if I were them I'd probably do the same thing, but I think for the public good and for competition in the market, we need some clearer rules on how we can use those things after they've already had the protection. I think fair is fair to some degree.

**The Chair:** Thank you.

I will now go to Mr. Storseth.

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

Thank you to the witnesses for presenting today. It's nice to once again hear from good, hard-working people of Brandon.

I have a couple of questions for you, Cal, in regard to your former hockey career, but I understand the chair says that area is off limits, so I'll limit my questions to your comments.

You talked about the limited hours of service at the border crossing. Do you have any recommendations on things that the government could do to assist you in that? I understand you're in a bit of a different situation with your proximity to the U.S. border.

• (1150)

**Mr. Cal Vandaele:** Thank you. It's probably more of an issue for our company than an industry issue, but we sit at the door of Manitoba. To go to the nearest commercial crossing, we have to go out of our way 30 miles to the east and then back. If we're heading to the western U.S.A. with a load back, it's another 30 miles. Then, of course, you get into road restriction season.

It just seems logical that Highway 83 be a major trade corridor, an unrestricted highway running from Manitoba to Texas. We have this border crossing, but it's really of no value to us as a business. Even if it wasn't a 24-hour crossing, even if we had the ability to just use it for commercial shipments so that we could send the trucks that way, in our business it would be savings of tens of thousands of dollars a year.

**Mr. Brian Storseth:** Is the key there the access to the infrastructure as well?

**Mr. Cal Vandaele:** The infrastructure's good. It's a great highway. It's unrestricted. In load restriction season, once you cross the U.S. border, you're still on unrestricted highway. That's the issue. Especially in load restriction season, when we go to the ports of Dunseith or Boissevain, for example, as soon as you cross the border to head back west if you're heading with a load to Oregon, California, Wyoming, or any of the western states, you run into all these restricted highways, so you have to start taking turkey trails or finding unrestricted highways. It's a major business inconvenience.

**Mr. Brian Storseth:** You said you farm 10,000 acres. Did I get that correct?

**Mr. Cal Vandaele:** Yes, that's correct.

**Mr. Brian Storseth:** How many of those acres would be organic?

**Mr. Cal Vandaele:** Zero, but our company is in the organic business. We buy, process, and export organic grains as well.

**Mr. Brian Storseth:** Am I correct in assuming the reason you don't have organic acres in those 10,000 acres is a business decision?

**Mr. Cal Vandaele:** Yes. I think we have seen a trend whereby some of the smaller farms have migrated to the organic business to seek out higher premiums on their production and keep smaller farms more viable.

**Mr. Brian Storseth:** How viable would it be for you if there was zero tolerance out there, rather than low-level tolerance, which is what you're asking for? What would the effects be for you if there were zero tolerance with regard to canola and other aspects of your farm when it came to trade negotiations and potentially even some domestic laws?

**Mr. Cal Vandaele:** Yes. That's reality for us today. As we speak, we're trying to process flax at our seed plant, and almost every shipment of flaxseed we bring in from western Canadian farmers has trace amounts of canola in it, whether it's cross-contamination from bins and trucks or whether it's volunteer growth in the fields.

We know canola is GM material and we're trying to export to Europe, so, yes, it's the reality for us today. Low-level presence is the only way to deal with it.

**Mr. Brian Storseth:** Perfect. Thank you very much for your time and your presentation.

**The Chair:** Mr. Atamanenko is next.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thank you very much, gentlemen, for being here.

David, you talked about off-patent and the fear among farmers, and you mentioned the multinationals that control the seeds. You talked about the need for clear rules.

It seems Monsanto and other multinationals have a stranglehold on farmers when it comes to seeds. We've seen cases such as Percy Schmeiser's and other instances. We see how they are driving trade agreements to their benefit.

I'm wondering what the federal government could do to put in some clear rules. What form would they take to balance this, so that we could ensure the farmer has a better chance of counteracting the stranglehold that some of these multinationals have?

While I'm on this, there has been some concern from farmers that the current Canada-European Union trade agreement will have provisions that will implement UPOV 91 with regard to seed-saving, as opposed to the current rules.

I'm wondering if you have any concerns. Do you have comments, positive or negative? Is it a good thing, or should we be concerned about?

I think that's probably enough for the four and a half minutes that are left.

• (1155)

**Mr. David Rourke:** Yes, I am concerned with those things.

In terms of a mechanism to get a clear path forward with off-patent genes, a company like Monsanto would simply have to make a variety available with only that gene in it, which they would have had in their gene banks from many years ago, and make that available so it didn't have the other 200 patents that would restrict you from using it. That would be their obligation for having patent protection—just give you the gene in an unrestricted germplasm. It could be relatively simple, but they banked it up with all these other genes and then they don't make that available.

The whole reason for a farmer-owned plant-breeding company is to provide some competition. We need what they have to a large degree, but I don't think it's the only answer, and I'd hate for it to be the only answer. They can make good presentations of all the things they can do, but they don't have the only answer out there.

Whether or a not a farmer-owned seed co-op or breeding organization would dominate the market is questionable, but if we

even had 5% or 10%, although I'd like to see 25% or 50%, at least there's an alternative there. Perhaps it makes the companies that price the seed based on what they can get out of the market a little bit more modest in what they think they can get out of it.

One example is anhydrous ammonia. The cost of production is \$200 a tonne, but we're paying \$1,000 a tonne just because farmers don't own any of those resources. It's almost criminal what's happening in the nitrogen business right now.

As these new regulations get put in place, we need those checks and balances so that we get good access to the off-patent stuff, they have freedom to operate with good patents and protection as they move forward, and we also have the ability to work in developing traits with whomever we can in the world, whether it's CIMMYT or ICARDA or universities in Kenya, wherever in the world that we can. There are good technologies in Wales that we're looking at, with a different trait altogether from what most people are looking at.

I think there are some opportunities there, but we just have to be careful not to give all the cards to the multinationals.

**Mr. Alex Atamanenko:** We've got a few seconds, I think.

Do either of you have any comments on UPOV 91?

**Mr. David Rourke:** I'm not an expert on UPOV 91. I read a little bit about it, and I probably should know more. It gives them a little bit more extended patent rights, in terms of length. With the costs they incur and the development times, I don't think that's unreasonable. I think once it's off patent, they need to make those traits available to other plant-breeding organizations.

**Mr. Alex Atamanenko:** Okay, thank you.

**The Chair:** Thank you.

I'll go to Mr. Richards.

**Mr. Blake Richards (Wild Rose, CPC):** Thanks, Mr. Chair.

I've got questions for both of you if there's time. I'll start with you, though, Mr. Vandaele.

We often talk, whether here at committee or elsewhere, about large and small farms. Obviously there's lots of talk about the small family farm and whether it can continue to survive and whether farms are becoming larger—these kinds of issues. I think you're a good example, with your seeds business, of a family-run, family-owned seed business that's competing against some pretty large players, and from what I can hear, doing so quite successfully.

I wonder if you can maybe tell us a bit more, maybe elaborate for us a bit on that. As a small family-owned seed business competing in that international marketplace, what's been the secret to your success? How have you been competitive? What are some of the keys to your success in the market when you're up against some fairly large players?

• (1200)

**Mr. Cal Vandaele:** Thank you.

We continue to go to the school of hard knocks, I guess.

I don't think any small company or family business should ever fear competition. Family businesses have often some of the most innovative people you'll find. David is certainly a good example of that as well.

As long as you work hard and you're a little bit smart.... As the old saying goes, "You never go broke taking a small profit."

We've been fortunate. We've had some good opportunities. Agriculture has been good to us. Western Canadian agriculture has been good to my family for 100 years.

Our biggest challenge, going forward, in growing our business is people. There's a serious shortage of labour, not only in southwest Manitoba but also all across western Canada. It's probably the issue that, daily, we deal with the most.

**Mr. Blake Richards:** I'll speak to your last point.

Coming from Alberta, I can certainly understand that. There's a large agricultural part to my riding, but there are also parts that rely completely on tourism. Both parts of the riding, both industries, really struggle with the competition we face from the oil and gas sector, which takes the young labour. It's pretty hard to compete with what they can offer in terms of wages, for sure, so I can completely understand that.

You're absolutely right: the future in agriculture, especially for family-run businesses, is in being innovative. I really appreciate your comments there. That really speaks to where the future is for the family farm and for agriculture in general.

We talk about government regulations. Is there anything you encounter there, in terms of problems, red tape, or government regulation, that would put you at a competitive disadvantage to similar businesses in, let's say, the United States or even across other provincial boundaries within Canada?

**Mr. Cal Vandaele:** Nothing really jumps out.

Every country and every business has a certain amount of red tape to deal with. I don't know whether our business is subject to any more of that than in other countries—in fact, maybe less so than companies in Europe.

From a cost structure standpoint, probably one of the biggest disadvantages right now for an agribusiness like ours is that we are probably paying close to double for the cost of labour in our neighbourhood than what somebody running a similar operation down in the United States pays. That's our biggest increase in costs.

**Mr. Blake Richards:** We're always looking for ways to reduce red tape or any regulatory irritants you might face so that you can continue to do what you do best as a farmer and as a businessman, which is to be innovative, create a profit, and grow our economy.

Mr. Rourke, if I have some time left, I'll turn to you with the same question.

In terms of excessive regulation, is there anything that you would identify—something that as a government we can remove as an irritant or something that creates a disadvantage for you over what you might see in other countries?

● (1205)

**Mr. David Rourke:** That might be a better question for my wife. She's our CFO and looks after a lot of that stuff so that I don't have to. She has two helpers to help her look after all the filings and stuff we have to do.

We also have a dairy, and we had to jump through a lot of hoops. We also contemplated putting in a cheese plant, and finally I decided that the risk, with having to deal with CFIA and the market and everything else, was just not worth it, so we've tabled that decision. Fortunately we found another cheese plant that was brave enough to go ahead and just got established in Winnipeg, so we send our goats' milk up there.

The one thing I wanted to comment on was your first comment that Cal talked about in terms of being.... We both run very diversified operations. We have 35 full-time people and hire almost 100 people at the peak of our workload.

My son is 25, and he has seen these last five years as quite good, other than for some hail and natural disasters. A lot of people are talking about the huge profits in grain production that we're seeing. They're causing land prices to go up. It was only six years ago that I bought land for about a third or even a quarter of today's price, because nobody wanted more land at that time.

There was a time when we couldn't get rid of wheat and barley at any kind of price. Corn prices were down around \$2 a bushel. I used to feed pigs, because grain prices were so low that we had to add some value to it. I have a small on-farm ethanol plant that I've mothballed right now because grain prices are too high. However, I'm not sorry I made those investments. I can unmothball them or repurpose them in the future, because I don't think that grain will always be high.

Farmers are their own worst enemies. As soon as there's some incentive to produce more, that's what we do. Even if there's no incentive to produce more, we try to produce more. Eventually grain prices will not support the cost of production again, and everybody will be surprised.

Because our two operations are so diversified, it may not affect us as much as somebody who's just a straight grain farmer. People seem to have short memories. It was only six years ago that we weren't making any money in grains.

**Mr. Blake Richards:** Thank you both. Maybe I can just close off quickly.

I just really appreciate both of you; you're obviously clearly running your farms like a business. The diversification and the innovation are very good examples of how a farm can survive and thrive. I appreciate your both being here today.

**The Chair:** Thank you.

Ms. Raynault is next.

[Translation]

**Ms. Francine Raynault (Joliette, NDP):** Thank you, Mr. Chair.

Mr. Rourke, earlier you talked about your plant-breeding business.

What barriers did you come up against in setting up your business?

[*English*]

**Mr. David Rourke:** I think you have to be a little bit naive to do that sort of thing.

The first year, I just decided we were going to do it. I could not get a variety of wheat in Canada that would serve the purpose. I couldn't consistently grow corn, so I had nothing that I could feed my pigs or put in my ethanol plant that I could grow on my farm and make money on from a grain point of view. We looked at a lot of options. We had the resources within our contract research company just to do it. The first summer we just made the crosses that now were going to be registered.

Then we decided we couldn't really produce a variety just for our own farm. What were we going to do with it? Some of you may know Owen McAuley. I approached him and kind of floated this idea across him of forming a co-op, because there were probably other people who could benefit from it, so that's what we did. We were very fortunate to get some help with Agriculture Canada. We have a line that's actually out in the market right now called 409. It's only available to our members. It didn't get registered, and that's probably another topic. There's no good reason it didn't get registered.

The Manitoba Rural Adaptation Council has come to the forefront and helped us with some joint funding that's kept us afloat. There is a deficit on the books that my wife doesn't seem to appreciate. I suggested it's long-term investment, but two of my companies hold a lot of that debt. It will be erased fairly quickly as we get a good variety on the market, but there's a seven-year time lag in getting that going. Not very many people either could do it or would want to do it; fortunately, I was in a position of having the resources to get it done.

• (1210)

[*Translation*]

**Ms. Francine Raynault:** Do the large multinationals enjoy competitive advantages that aren't accessible to you?

What could the government do to support businesses like yours?

[*English*]

**Mr. David Rourke:** Until there's acceptance of new technologies like GMOs, I don't think the multinationals will have any advantage in breeding in Canada. I'm not sure how they think they're going to make money, unless there are large check-offs that can go directly to them or they somehow bring in new traits that are worth so much more money than I, as a farmer, will have to buy them because I won't be competitive without them. I don't know if they have that kind of technology, particularly in a non-GMO fashion.

Even when they do have GMOs, I think there will still be a market for non-GMO products. I know a corn breeder in the United States. His business did very well after the GMO corns came to the States. He's not taking over the majority of the market, but he has a successful business and it does provide an alternative.

In terms of help, I listed a few things. If we get preferential treatment, it would be nice to be able to obtain an ongoing breeding

program that's had those years of investment with no or low money down. We'd pay it back as we go and do things like that so that we wouldn't have a lot of the upfront costs that we'd have a hard time dealing with right now.

The other is check-offs. I know there are a number of studies being done. I think the Western Grains Research Foundation has sponsored a study. I think the Grain Growers of Canada is also involved in that same study. It's being done by Stuart Garven and Associates, with Dorothy Murrell and Carman Read looking all around the world at what models are available and what might work best. I hope I'm a little ahead of their curve, in that perhaps they'll find we have at least part of that answer already.

[*Translation*]

**Ms. Francine Raynault:** Mr. Vandaele, you talked a lot about shipping your grain. You mentioned the detours you have to make and the fact that it results in much higher production costs for you. What can we do, then, to help you? What would you like the government to do?

[*English*]

**Mr. Cal Vandaele:** Again, it's more of a regional problem for us, and maybe one that pertains more to our business in particular. I feel that developing the Westhope, North Dakota, and Coulter, Manitoba, border crossing, if not into a 24-hour border crossing then at least into a commercial truck traffic route, would be a big help.

**The Chair:** Thank you.

The final round goes to Mr. Zimmer.

**Mr. Bob Zimmer (Prince George—Peace River, CPC):** Thanks for appearing today before our committee.

I'll just comment that I'm not sure what else you do, but you're definitely a busy guy. You have an ethanol plant on your farm. You've raised hogs before. I know you're a very busy guy, and you have a busy family as well. Probably the last thing to do is run for political office with your spare time.

**The Chair:** Just don't do it too soon.

**Mr. Bob Zimmer:** If you're looking for a new MP....

**Some hon. members:** Oh, oh!

**Mr. Bob Zimmer:** Anyway, on a serious note, I guess I'm concerned as well.

You mentioned nitrogen fertilizer and the increasing costs, especially with such a low natural gas price. I'm from northeastern British Columbia, where we have farms and we have natural gas. I look forward to the price of natural gas getting up there, but I have big concerns for our farmers. If the price is so high now, what's it going to be like afterward?

You talked about a seed co-op. I'm curious to know if you've pursued a fertilizer co-op. I notice there's one in Quebec that they're trying to start.

Have you considered that, or have you considered another market type of check to that increasing price? Ultimately, to control prices in the market is very difficult for a government to do, so we'd rather see a market-driven response to that. What's your response?

•(1215)

**Mr. David Rourke:** That's something I've been looking at for quite a few years.

**Mr. Bob Zimmer:** What? Political office?

I'm kidding.

**Mr. David Rourke:** No, no. Sorry. The nitrogen.... It's trying to get better fertilizer costs. Merv is about the same age as I am, and by the time he's ready to retire, I won't be interested. I don't think he has anything to fear.

We've looked at a number of issues. In 1980 a German engineering friend showed me a plan for a modular wind-powered anhydrous ammonia plant. I followed up with him in 2005. I hired an engineer to look at it, but it's just not practical. Wind power is too expensive. In Manitoba we have relatively low electricity rates, so we'd be better to just put a motor on it. The engineer said it would cost us between \$800 and \$900 a tonne to make it at this modular, small-scale plant, so that was a non-starter.

I've looked for biological fertilizer options around the world. We tested some of them at our farm last year. I went to Cuba. Because they've been cut off from a lot of the rest of the world, they had to develop some of their own innovations. They used azotobacter; I didn't get a good handle on it when I was in Cuba, but they had some fantastic crops with no visible nitrogen application. They used earthworm castings. They used manures. They used crop rotations. In some of those cases, the literature shows that azotobacter could replace 50% of the nitrogen. I just haven't found it on our own farm. I've talked to people all around the world and actually tried to get an LMO to bring in a research scientist from the former Yugoslavia who had just finished her Ph.D. on biological nitrogen replacers, but I was turned down.

Otherwise there are at least three plants that have been proposed, and FNA, Farmers of North America, is one of them. I've put money into that one. There's another one with the North Dakota Corn Growers Association, which may not be the most appropriate name for it. The Manitoba Canola Growers Association and some other commodity groups in Manitoba have linked up with that one to see if something can happen there. Those large plants are being proposed, and I hope that at least one or two of them go ahead.

Further to that—

**Mr. Bob Zimmer:** Go ahead.

**Mr. David Rourke:** There were two plants sold. I'm as much to blame as anybody. Hindsight is perfect. There was a plant in Brandon that was sold by Simplot. Why didn't farmers buy that plant? The simple answer is that we were not organized enough to do it at the time. There was a plant in Saskatchewan that was sold to Cargill. It was partly Saskatchewan government-owned. Why didn't farmers take ownership of that? I don't know if we're just slow, but we need to start to recognize that a lot of our profits are being taken out by other people.

**Mr. Bob Zimmer:** Competition is a great price leveller. WestJet is coming to our riding, and the prices are going to drop dramatically the day they arrive.

Cal, are you aware of anything going on with a fertilizer co-op? Do you have an interest in that, or what do you think of that?

**Mr. Cal Vandaele:** I'm not involved in any way in that. Our company does trade some fertilizer with farmers. As David said, prices are high, but so are crop prices. It's maybe sustainable today. You have to trust that supply and demand to some degree will sort this out. As crop prices take a hit in the near future, perhaps the fertilizer suppliers will react accordingly.

**The Chair:** I have to stop you there.

I just have one question for David.

You mentioned it has taken you seven years to get to the registration process. Does that not seem like an outrageously long time to register something that's able to go to the market? How does that compare with the same process in the United States?

•(1220)

**Mr. David Rourke:** Actually, it's been promoted in *The Western Producer* that it should take about 13 years to get it from the initial cross. We're actually very fast.

In order to even get something to test, you have to go through at least eight breeding cycles. If you use winter nurseries, you can break that down to about four. You've got to put those through all your nurseries so that you can select the right material, and then you have to have some level of confidence going forward. Maybe you can knock a year off that, but in less than that amount of time, it would be difficult to know if you had anything worth taking to the market.

If you use more advanced breeding techniques, such as double haploidies. It's really important if you've got a winter crop like winter wheat, but to do it even in seven years..... You can speed it up a little bit, but it also reduces some of the genetic variability that you're looking for. You have to be careful that using some of those fast techniques don't actually result in not getting what you want at the end.

We're using a thing called single seed descent. In those early years we could actually push three generations per year, but it still takes time to select the material in the area of adaptation. Seven years is actually pretty fast.

**The Chair:** Thanks, guys, for being here today. I'm sure your advice and input will be duly noted in our report. We thank you for your time today.

We'll go back to work. For the committee's sake, we are going to have a quick in camera meeting in regard to some proposed travel.

We're going to suspend for two minutes.

[*Proceedings continue in camera*]









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