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Chair

Mr. Bev Shipley

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• (1620)

[English]

The Chair (Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC)): I would like to call today's meeting to order.

Folks, we have with us the Minister of Agriculture and Agri-Food, the Honourable Gerry Ritz, along with department heads. We'll start this with Greg Meredith, Andrea Lyon, and Pierre Corriveau.

I want to thank each of you for coming out.

As you know, this is the discussion around the estimates. What I would like to do is just ask you, Minister, because I think we are in a pretty tight schedule in terms of timing, whether you have an opening statement or if in lieu of time you would prefer to go into questions. I don't know what the committee wishes to do.

Minister, are you open to either one?

Hon. Gerry Ritz (Minister of Agriculture and Agri-Food): I'm fine with forgoing an opening statement and moving right to questions. I understand that we're under some time constraints.

The Chair: Committee members, do you have a choice?

Hon. Mark Eyking (Sydney—Victoria, Lib.): I'm open to going right to questions.

The Chair: We will start with the NDP agriculture critic.

Madam Brosseau, please, you have five minutes.

Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP): Thank you, Chair.

I'd like to thank the minister and his team for their presence today at committee.

As you know, we've done a lot of work in dealing with the grain transportation crisis. I was wondering if you could update us on what is going on with Bill C-30 and the government's amended bill, and where money will be allocated. Because with the amendment that was accepted here at committee, we would just like to know where the money will come from when it comes to compensation for farmers.

Hon. Gerry Ritz: That's a very pertinent question, and I'm happy to do that.

As you may know, the Senate passed Bill C-30 last night. As I understand it, royal assent will be put to that bill tomorrow at some point. When it comes to the regulatory package that goes along with that, as you know, the legislation is an umbrella that creates the ability to put regulations in place. We went that route because

regulations are more flexible. They can be more timely and you can adapt and change them to what's needed on an ongoing basis, as opposed to coming back to the House all the time on legislative changes.

When it comes to any type of compensation for farmers, I guess rather than compensate farmers after the fact, which is what was done prior to this, this piece of legislation and the regulatory package that will be attached to it will actually see to it that farmers are not hurt to begin with. What this does is make sure that the railways deliver the product from where it's asked to be delivered from, and in a timely way, to whichever port facility the shipper wants it to go to. There's no more opportunity for storage of grains costs or demurrage costs along that chain going back to the farm gate. They are now stopped in the service level agreements between the shipper of record, whoever that may be, and the railway of record. That's the difference, in that it doesn't require compensation to farmers because they are now covered proactively under those service level agreements.

Ms. Ruth Ellen Brosseau: So there is no retroactive money or anything to help people that were—

Hon. Gerry Ritz: Well, there's the possibility of that through our business risk suite of programs. Agri-stability will certainly pick up if there is someone who is caught in a situation where their average fluctuates. That will trigger a payment under agri-stability.

Ms. Ruth Ellen Brosseau: I would like to move on to the hog industry. Under grants, there is money going to the initiative to control the diseases in the hog industry. It's \$2 million. Can you give us an update on this program? Could you tell us if this program would be adapted to help farmers dealing with the PED virus?

Hon. Gerry Ritz: There's a potential to adapt to anything along the PED virus. Most of the funding that was required and the success that was generated in Canada's situation under PED is a little different from the U.S. because we do have a coast-to-coast biosecurity and traceability system, which of course the U.S. does not have. We have been very fortunate in that our outbreak has stopped. There was not a new catch—touch wood—in the month of May, so we're feeling quite good about our biosecurity system and our traceability system here in the country.

For the pork animal diseases and so on like that, it's in fact administered by the Pork Council and the derivative of that as opposed to being directed by us. There will be another cluster announcement for the pork sector coming shortly. It was to happen, but now with the votes and everything like that, it won't happen tomorrow as was scheduled.

That said, they will administer where they see that money will be needed. When it comes to PED, I think there may be some applications under the Growing Forward 2 envelope. Province by province, they have talked about a new type of truck wash at the border, something with more pressure, more heat, chemical, and so on, that's not there now. The federal government will not own the bricks and mortar and will not run the truck washes, but we certainly have no problem putting in our 60¢ dollars towards the capacity to have that hotter chemical bath-and-dry that trucks will require.

• (1625)

Ms. Ruth Ellen Brosseau: I'd like to move on to agri-recovery and the AG report. Agri-recovery was specifically designed to help provide quick, targeted assistance to producers who experience a disaster. The recent Auditor General's report found that one third of cases take more than a year to resolve. Is there a plan to address this problem?

Hon. Gerry Ritz: Well, there always is. I mean, we want them expedited as quickly as we can.

The Auditor General was under the false impression that this was a federal-only program. That's not true. It's actually triggered by the province of record. We don't get involved in triggering what is a disaster and what is not. The province of record does that. It takes some time to work that system through. They go out and do their assessment, and if they decide to move forward, they send us copies of that work. We then run our oversight on that as well. Once that happens, it's fairly quick in getting that money out.

The Chair: Thank you very much, Madam Brosseau.

Now we'll go to Mr. Lemieux for five minutes, please.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thanks very much, Chair.

Thank you, Minister, for being here.

Let me start with a question about the main estimates. I notice that there are really two things going on. There's a reduction in spending and then there's a focus of funding on other things. I'll get to that in just a moment.

I would like to ask a question about table 1. I'm noticing in the 2014-15 main estimates that you report an operating budget of \$545 million. In last year's main estimates, it was \$595 million in operational expenses. That's a savings of about \$50 million to the taxpayer.

I'm wondering if you could just elaborate for the committee on why that was important.

Hon. Gerry Ritz: A number of things happen under the new Growing Forward suite of programming. Some of it is that certain provinces now are administering, so it's not a federal government cost to administer anymore. The federal government at this point administers programming in Manitoba and the Atlantic region. All the other provinces do it on their own. There are some administrative savings there because we're not duplicating.

There are also some savings in our travel and hospitality costs, some 60% over other years. We're actually doing more travel but it's costing us less. We're finding efficiencies there. Our entourage has

shrunk. We schlep our own bags. We look after our own hotels. We do a lot of things like that, as most Canadians would expect us to.

We identified a lot of savings like that in back offices and so on. No program was affected in a negative way. I know there are always stories out there that we've somehow slashed food safety and so on. None of that's true. The programs are still very robust. There are actually more inspectors on the front line than there ever were. I'm going a little beyond your question, but that's just to some of the other things that have come up.

There were people who were hired to put in place Growing Forward 2. They have now been terminated. They were on short-term contracts to make that work happen under Mr. Meredith's shop. So there are some savings there as well.

Mr. Pierre Lemieux: Okay, what I see is that basically you tightened up spending to save taxpayers money. But what I also see in the estimates is a real focus on science and innovation: \$520 million listed for science and innovation, \$72 million for industry capacity, and \$211 million for market access initiatives. That's almost three-quarters of a billion dollars that will try to make our farm gate more competitive.

I would like to talk about science and innovation. I know that under your leadership, the department has moved to a model that integrates industry with university researchers, with government researchers, particularly through the science cluster process. Certainly the feedback that we received here on committee, when we were studying Growing Forward 2, was that this was extremely well received by industry. I think they liked the matching funds idea as well.

But I'd like to get it from your perspective, Minister. You've been out on the ground as well. I'd like to know what feedback you're getting from stakeholders, be they farmers or their representative organizations, on, first of all, our investments in science and innovation, and secondly, with the science cluster format that we've put in place.

Hon. Gerry Ritz: The main positive response out of the science cluster format is that it's results-based. We sit down with industry, academia, our provincial partners in agriculture, and then industry that will deliver the goods, as it were, when it's new varieties, new chemicals, new fertilizers, and things like that. We work with all of them to come up with the result that the farm industry has said they require. In that regard, they're getting what they're asking for in a much more timely way.

I know there's some concern that somehow Ag Canada has lost its long-term vision. Nothing could be further from the truth. We just do it in five-year bite-sized chunks now. With Andrea Lyon and the other ADMs and so on, we sit around and talk about programs 10, 15, and 20 years out. The discussions are already under way for GF3 and those types of things.

So certainly the long-term vision is out there. Doing it in five-year chunks means you actually get a result, because you have a timeline that says within this Growing Forward 2, in that five-year window, we'll have these results. It's giving us much more proactivity in that regard.

• (1630)

Mr. Pierre Lemieux: Obviously you've focused resources into science and innovation, both monetary and through this science cluster format. Can you perhaps explain to the committee how you see this benefiting agriculture, and most importantly benefiting farmers who are working on their farms?

Hon. Gerry Ritz: What farmers have been shifting away from... and we saw this after the change to the single desk of the Wheat Board and some of those prescriptive regulatory regimes that were in place, and the gaps and overlaps with the provinces as we worked with our federal-provincial-territorial partnerships. Farmers of today are asking for two things. They are asking for innovation and for help with efficiencies in applying that innovation, and then marketing. They can grow it. They can do it. They can provide it. Now we have to have markets for it to go to and good transportation lines in order to get it there in a timely way.

That's what the focus of GF2 has been shifted to—the innovation side, science and research. More money than ever before is going into those envelopes as well as into enhanced marketing capacities. We now have agricultural people, CFIA scientists, doctors, and veterinarians embedded in our embassies around the world in the hot markets and the growing markets so that on a day-to-day basis we have the information we need to connect producers in Canada, processors in Canada, with that market.

The Chair: Thank you very much, Mr. Lemieux.

Mr. Eyking, you have five minutes, please.

Hon. Mark Eyking: Thank you, Minister, for coming today. I have four questions, so I think I'll just give you the four questions. Perhaps you can jot them down and then do your best to answer them in my five minutes.

My first question deals with CFIA's inspections. I'm hearing, especially in the Maritimes, about CFIA inspection services on seed grain. I have Charles Murphy, who I speak to, a farmer from P.E.I. He states that on the grain fields that he grew last year, the CFIA inspected them for him at a cost of \$478. The new cost to inspect these fields is going to be \$6,393. That's over 13 times the original cost. He figures he's not going to be able to grow seed grain.

First, are you aware of this? Are you aware of the downloading of these costs and how it will put these farmers in jeopardy?

My second question follows up on today in the House about the chicken farmers. You're well aware of all the spent fowl that's coming in, about the more spent fowl that's really produced in the United States coming in. You kind of stated in the House that you were taking action. Can you tell me what action you're taking to keep this from happening?

My third question follows up on the pork virus that hit us this winter. There were some news releases stating that feed supplements that were coming in from the United States had pork products in them that could have caused some of the contamination. What are

your comments on that? Is the CFIA checking these supplements coming in, that there are no pig products in them?

My last question is dealing with the European trade deal. As you're well aware, our milk production is going to be cut—pretty well the size of Manitoba's production, or Nova Scotia's; it's quite a big cut. We're in favour of the trade deal, but when this happened, the Prime Minister stated that there was going to be a package to help the dairy farmers of Canada. Can you tell us where the package is and what will be in that package?

I'll leave you with that, Minister, and you can do your best.

Hon. Gerry Ritz: I know there are some changes in the inspection of seed grain and the way that's done, actually moving to a private sector model that is available 24-7 as opposed to CFIA. If CFIA does it, they're going on a cost-recovery basis. I've not seen any kinds of numbers that show 15 times more, as you're recording. I'd be happy to talk to your farmer—through you, if you desire, Mark—to make sure he's not being sold a bill of goods. There are some changes, but nothing that I've seen shows it at that level. I'll certainly check that out for you.

On spent fowl, we're working with Canadian Border Services with regard to the line item that pertains to spent fowl. There is one that says it's fine to bring it in. What we're finding, though, is that spent fowl is coming in, as you rightly point out, in a volume that says it's a lot more than just chicken nuggets, soups, and so on, where it was originally destined to go. It's starting to show up as full-fillet cuts on store shelves, which is not acceptable and not part of what's happening. The package is being put together. We're working with the Chicken Farmers of Canada on how we get on top of that and start to get it back to the flow of where it's supposed to be going.

It's very similar to the pizza kits issue, the cheese compositional standards, as I outlined today in question period, the other issues that we've dealt with and have resolved on behalf of the SM groups. We'll do the same thing on spent fowl. We're in the midst of that assessment right now, working with the Chicken Farmers of Canada and so on.

On PED, when it first was discovered in Canada, CFIA undertook... I mean, it's under provincial jurisdiction. It's not a reportable disease, so it doesn't go to the federal level. But we assigned CFIA to help their provincial colleagues as much as they could. They undertook work with the provinces to oversee how our biosecurity system was working. They then also started to look for causes, how it was transmitted. The U.S. had done some work on feed inputs and had not come up with any kind of conclusive results to say it was part of it or it wasn't part of it. There was really no rationale in that regard.

CFIA undertook a number of studies and did testing over the ensuing weeks and months, working with a product coming out of the U.S.—blood plasma, a protein enhancement. It is pork blood dehydrated down that is used as a pig starter, for piglets. They thought, since it's affecting the piglets themselves, maybe that was part of the problem. We know it's transferred through the feces. We know that grown hogs will suffer a couple of days with flu-like symptoms, but it doesn't dehydrate them to the point where it kills them, as it does the young pigs.

They did all this testing in the lab in Winnipeg. They found positive PED in the blood plasma, but it did not translate into the finished feed product. No one feeds raw blood plasma to the pigs. There's a process where it goes through another heat treatment and different things. I can get you that scientific rundown. In the final feed result, they never did find a positive. Part of the work that's done in creating the product out of the blood plasma said...you know, it was negated.

We've shared those test results with the U.S. Now that the European Union, led by France, has put a ban on any product... mostly genetics and so on, on Canadian pork, we've shared that science with them as well.

• (1635)

The Chair: Thank you very much, Minister. Maybe the other question will come up later.

We'll now go to Mr. Dreeshen for five minutes.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much, Mr. Chair.

Thank you, Minister, for being here, and department officials.

One of the things I want to talk about has to do with transition costs with regard to the Canadian Wheat Board. Looking at table 2, we see that the Canadian Wheat Board transition costs program is at \$30 million. Of course, what we had done, or what had taken place, was front-end loading as far as the costs were concerned and then reducing the expenditures. Since then, of course, we've also seen that the Canadian Wheat Board has been purchasing physical assets, such as grain terminals and so on, throughout.

I'm just wondering if you can comment on some of the things you've seen and whether or not this is what was anticipated. As a farmer myself, thinking back to when my dad started farming, he had grain that was free and then was marketed into a program where he no longer owned it. Finally we were able to turn that around.

Perhaps you could talk a little bit about what you saw and where things are going, and then add something about these transitional costs.

Hon. Gerry Ritz: What you're seeing in this year's estimates is a portion of a package that was put together by the federal government taxpayers ultimately of up to \$340 million to help the Wheat Board make the transition into the private sector. That allowed them to get back to zero. I know there are a couple of lawsuits pending about somehow the assets having been absconded with, but I'm here to tell you that it took that amount of money to get them back to zero. The assets were heavily leveraged. The building in Winnipeg and the railcars were actually leveraged more than the property was worth. Then you start to look at paying down the staff pensions that are due and how they transfer all of those types of things. There was a computer system that was worth tens of millions of dollars that had to be rationalized and rectified. So what you're seeing in this year's estimates is \$30 million of that overall amount of up to \$340 million. I think they'll probably top out in the \$310 million range, so they won't spend it all, but we're still waiting for those final numbers.

In its first year of operation as a private trader, the Wheat Board still carried the government guarantee for up to five years. They have

that five-year term in which to come to us with a plan on how they will privatize: what it will look like, whether it's a farmer cooperative or however they decide to do it, or whether some international entity or Canadian entity buys them up. In that timeframe, they signed delivery documents with most of the major grain companies, but it's really hard to enforce those and to make those work in a timely way. If you sign a deal with a grain company, it's going to move its grain first before it takes yours. It's that type of thing.

So this year they've done the unprecedented thing again, using a portion of the government guarantee but underwritten by the Wheat Board itself, to buy a portion of Mission Terminal through Thunder Bay and some of the holdings further down the St. Lawrence Seaway. That also included some portions of terminals and short-line rail. In Saskatchewan they have another deal cooking on another privately held terminal and short-line rail, which they already owned a portion of through the Mission Terminal deal. They've also begun construction of two major builds, one in Saskatchewan and one in Manitoba, and they are considering a couple of more strategic locations to start to form their own catchment area to feed into those terminals they're looking at.

• (1640)

Mr. Earl Dreeshen: So they've become another option as far as farmers are concerned.

Hon. Gerry Ritz: They have. They made money the first year. It was not as much as they would have made if they had had all of the grain moving through them, but it was a significant profit. This year it looks as though they'll do quite well again.

Mr. Earl Dreeshen: I guess the other thing—and Mark mentioned it earlier—was the Canada-Europe trade agreement. Of course you've spent a lot of time there trying to work through all of the different issues we have.

Of course dairy is one of those issues we will be talking about in the next short while in the House. I'm just wondering if you can give us a bit of an idea of what you feel the future is going to be as far as the dairy producers and the cheese producers go, as well as with regard to the concerns that some of them seem to have there.

Hon. Gerry Ritz: I think the future looks good. They're a very solid, strong commercial entity across Canada. There are some small cheese producers. I was quite happy to see a lot of them come out and say they're already winning awards in Europe for their Canadian cheese and they're not scared of going head to head with the European cheese that will eventually come in here, the 16,000 tonnes of cheese plus some industrial cheese and so forth. At the end of the day, I'm not scared of the competition on their behalf, and they've been telling me they're not scared of the competition either.

The concern will be with whoever handles the allocation of quota on that tonnage of cheese coming in. Discussions as to the best way to handle that are ongoing. We have to be concerned that whatever model we put in play the Europeans will use to handle predominantly our pork and beef as well as other agricultural commodities. So there's some work to be done in that regard.

The Prime Minister early on said that, should there be negative impact on our dairy or our processing sector, the federal government would pick up that point. We're in discussions and we've had some good discussions with the Dairy Farmers of Canada, working through the Canadian Dairy Commission with Jacques Laforge and his team. We've also been working with Laurent Pellerin at the National Farm Products Council on how you quantify and how to set a benchmark now to show that there are fluctuations as that cheese begins to come in.

We're working out the final details with the European Union on the science-based side of the trade. Steve Verheul is very well versed in agricultural issues as well as in trade overall, so I trust him implicitly to make sure there are no non-phytosanitary or non-science-based tariff walls behind what we're taking down. Those talks are ongoing. Those are the final little details that take time to get right. But it's worth that time investment to make sure we get them right.

So at the end of the day, we'll have to set a benchmark working with the dairy industry and with the provinces as to where we are today and how that would be affected negatively or positively. The growth we're talking about in Canada right now when it comes to yogurt manufacturing and cheese and all of those different things that affect the farmers' bottom line is very positive. There's good solid growth. So I think there's every intention that the amount of cheese coming in from Europe will be absorbed into a growing market. There's more consumption out there than there was, so we'll start to see that happen.

The Chair: Thank you very much, Mr. Dreeshen.

Now I'll go to Madam Raynault, please, for five minutes.

[Translation]

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

Minister, the pork industry and pork diseases were mentioned earlier. Are there any plans to provide funding to the provinces that have already been affected, particularly the three largest pork producers, namely, Manitoba, Quebec and Ontario? Are you planning to provide them with financial assistance?

• (1645)

[English]

Hon. Gerry Ritz: Well, that would be up to the provinces, if they decided they want to use agri-recovery. Of course, for anyone affected, there will be an adjustment on their agri-stability. The good news, though I guess—it's not good news for Ontario—is that the bulk of the outbreak has been confined to Ontario, with 60-some outbreaks throughout. We had one in Prince Edward Island, one in Quebec, and one in Manitoba. It was one barn in each of them, so that's one flight of pigs, one group of young pigs, in each of those barns out of the overall yearly cycle. Whether or not it makes a difference to their overall bottom line, we'll have to wait and see how that all works out.

Some of the outbreaks in Manitoba didn't affect the whole barn. There were pigs that were sick but it really didn't transfer through and wipe out the whole herd, so we'll have to wait and see how that all works out.

[Translation]

Ms. Francine Raynault: Expenses for business risk management programs were decreased by about \$123 million compared with the 2012-2013 numbers.

Did your department conduct a study to determine the sectors in which producers will be hardest hit?

[English]

Hon. Gerry Ritz: Actually, there are no farmers that are hit because of that \$123 million. What that speaks to is that these are demand-driven programs. If there's a hailstorm or frost, or if there's an outbreak of something that calls for a business risk program to be implemented, then it's paid out. They're demand driven, so what that speaks to is the fact that there was not the demand last year. There were not the weather-related systems, disease, or other things that we saw the year before. That will fluctuate from year to year.

[Translation]

Ms. Francine Raynault: Exactly.

Were programs in this category adversely affected by expense cuts?

[English]

Hon. Gerry Ritz: Not at all.

[Translation]

Ms. Francine Raynault: Do I have some time left, Mr. Chair?

[English]

The Chair: You have two minutes.

[Translation]

Ms. Francine Raynault: Thank you.

As part of the committee's work, we have often talked about bees. They are essential to the survival of agriculture because they pollinate everything we eat. I believe it is very important for them to be healthy.

All across North America, more and more bees are dying because of all the pesticides. In addition, because of monocultures, they can no longer gather pollen from a variety of plant species.

We heard that the full report on the effects of pesticides on bees will be published in 2015. Will this report include any new elements?

[English]

Hon. Gerry Ritz: Yes, it's not our report at Ag Canada. It's actually Health Canada that's doing the report. We look forward to it as well.

At the end of the day, I attended a trilateral meeting in Mexico last week with the Mexican agricultural ministry and with the United States, the USDA, and we did talk about bees. We were all buoyed by the fact that this year the beehive deaths were less, and in the neighbourhood, I would guesstimate, of a third of what they were last year. It didn't translate through to the large wipeout of beehives we had the year prior.

We're excited by that, but we're also concerned that people will drop the initiative to move forward with science on this product. I don't think that's going to happen. I know that Health Canada is forging ahead and moving forward on the adverse affects of a number of different things on bee health.

There's quite a difference of opinion throughout the bee industry. I know that from some of the Senate hearings that were focused on this. I had the opportunity to listen in on some of those. There's quite a diverse set of opinions out there as to exactly what should be done, how it should be done, and how quickly it should be done, and again, how you set the benchmark for when something should be triggered. All of that is taken into the mix. We're waiting anxiously for that Health Canada report, just like you are.

•(1650)

The Chair: Thank you very much, Madam Raynault.

Now we'll go to Mr. Zimmer for five minutes, please.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thank you, Minister, for coming today.

I just want to talk to you about C-30, the fair rail for grain farmers act. I guess we've said it enough. It shouldn't be hard to say but it seems to still be hard to say.

Anyway, I guess the fact that our rail capacity is challenged by all the commodities we have to sell is actually a good problem to have, because it shows that the world wants our commodities. Although it's a good problem, we still are faced with the fact that it is a problem. I just wanted to know, from your perspective, why it's important that this bill is passed and why it is good for our farmers.

Hon. Gerry Ritz: Well, it's good for all bulk commodity shippers, not just farmers. The title is a bit of an anomaly in that it affects all bulk shippers. Even when you talk to some of the potash shippers that use Canpotex, which is a single desk, they own their own cars but they still couldn't get engines and crews to move the cars. So there was not a happy story at any one of the bulk commodity round tables that we had, and we had a number of them from coal to timber to mining, potash, oil and gas, even right through to the grain systems.

We all agree that rail has to shorten the trains, slow down for winter rates. We get all that, but then they also ran far less trains. I saw an article that said there were 28 days when there wasn't a grain car that showed up in Vancouver, yet we had over 50 boats sitting and waiting to be loaded. A few of them went out short. There wasn't anybody who cancelled a contract with the boats sitting there. There were some contracts where the shipper would phone up the company and say, "Look, we're not going to be able to touch it for three months, so don't send a boat". There still were demurrage charges.

The problem was there, even as the railways started to pick up their game. They're now to that point where they're delivering the cars that they said they could without interfering with other bulk commodities, and we welcome that. This piece of legislation will entrench that, moving forward to the end of this crop year, to make sure they attack as much of that backlog as possible. But it also gets much more specific in that rather than just scooping the easy-to-get-to commodities, they are actually forced then to work with some of the short-line rail, some of the other catchment areas that get left

behind, because in their expediency to get the most to market to measure up without paying penalties, that's what's happening.

Now the piece of legislation will get us the data—that's the most important thing—corridor by corridor, week by week, so that they can tell exactly what's being missed in all of the bulk commodities. Interswitching will give some of the guys a lot better chance at keeping one railway honest over the other, and some of the southern tier, they'll start to have the ability to use some of the railways of the U.S., which already partner with CP.

When we were doing the one round table in Calgary, as I was leaving the airport to go downtown for the meeting, we actually saw a CP train with a BNSF engine on it. I mean, they're already doing those things, so this bill actually allows that to happen in a much more expeditious way.

It's very important that, as I said, the bill was passed through the Senate last night. It will have royal assent. I'm hearing that tomorrow the Governor General will sign it, so that's great. That creates the legislative umbrella that allows us to put the regulatory package in place.

Mr. Meredith and his folks at Ag Canada have been working diligently on the regulations. Andrea Lyon and I have had good discussions with Greg and his team as to what those regulations need to be, so that we make sure that short-line rail doesn't get left out, producer cars don't get left out, all the other bulk commodities, and so on like that, are addressed. So we're working with Transport Canada to make sure those regs are as fulsome as they need to be.

Mr. Bob Zimmer: Perfect.

Just one more question, we've already talked about CETA, and you and Minister Fast have worked hard on the file. In many of my questions asked to the farmers when we were talking about innovation and how they are planning for this new opportunity that's before us, we talked about the issues. There are concerns definitely, but I guess I'd like you to speak to the potential benefits to the ag sector. To me, it has massive potential, even with the sectors that are concerned a little bit. There's still potential for Canadian cheeses in Europe and all that, as you've said.

Could you just speak to the potential of CETA?

Hon. Gerry Ritz: I think the biggest thing is the ability to have another bidder, another buyer for Canadian product. Right now when it comes to the beef and pork sectors, we have a terrible one-sided relationship with the Americans. When it comes to beef, we rely on meat packers in the U.S. for 70% of our processing capacity. We're also fighting them on this country-of-origin labelling. So if they have other markets like the Pacific Rim and like the European Union market for our beef and our pork, it helps to apply the leverage we need with the Americans to keep them honest in their dealings with us when it comes to livestock. So that's the biggest factor.

The tonnage means brand new opportunities. Some of it will be for hormone-free beef. There's a stand-alone quota for buffalo, which is fantastic for your area and mine. I know I've been up in your area and you've been through our area. There's a lot of buffalo through there still. So there are tremendous opportunities for a number of smaller livestock groups as well.

We have some growing recognition with the European Union that GM commodities are not bad things to have. I know the farmers on the ground in a number of the member states are starting to say that for them to compete, for them to be able to grow the best on the ground that they have, they have to start looking at these new varieties of crops. So there are some sidebar agreements with the European Union on science-based recognition of some of these new commodities. So that's a tremendous opportunity there as well.

• (1655)

The Chair: Thank you very much.

I'm going to take two more, but I'm going to make them shorter.

You each have three minutes, Mr. Garrison and Mr. Hoback.

Mr. Randall Garrison (Esquimalt—Juan de Fuca, NDP): I'll have to talk really fast.

Thanks very much to the minister for being here. Since I joined the committee earlier this year, it's the first time we've had this opportunity.

I met with chicken farmers earlier this week, and they reminded me of how many jobs they support in the country—more than the oil and gas industry does—and how much they pay in taxes, which is \$1.3 billion. One of the things they were very concerned about with Bill C-30 and the bottlenecks that have emerged is that they tend to get passed by when it comes to production for feedstocks for chickens. They've had to move a lot of their purchasing and shipping of feedstocks onto trucks, which they estimate costs them an average of about \$40 per tonne. With feed making up over half their costs, this is a significant burden being passed over to the chicken farmers.

They're wondering when this will get resolved and whether that will be soon enough to actually save them from very serious costs.

Hon. Gerry Ritz: I absolutely think it will be. The one thing they're not telling you is that feed wheat, with the amount of volume there is in the world, is down about \$100 per tonne. So at \$40 extra to truck it, they're still saving \$60. I know there were a certain couple of people who were saying if they didn't have feed in two to three days, they'd be putting down turkeys and so on. That was complete hogwash—pardon the crossover pun. When I talked to the feed mills in central B.C., they had six weeks' supply of grain, so the crisis wasn't quite as abrupt as it could have been.

We take it seriously though. In business, everybody relies on stability and predictability. So we take that seriously. One of the attributes of getting Bill C-30 passed is to have that ability on a corridor-by-corridor basis, and delivery of those types of grains and so on will be highlighted. That's never been done before under Quorum's oversight—

Mr. Randall Garrison: I think also it's a particular problem for chicken farmers in B.C., more so than in other parts of the country.

I know my time is very short, so I want to ask a little bit more about spent fowl, because you didn't really give us a timetable for action. I know there have been some projections, because the rate of increase of imports under the spent fowl provisions is so rapid—

Hon. Gerry Ritz: It peaked and it's tailed off now as we start to shine a light on what's happening and who's doing it. So a lot of that has tailed off.

Mr. Randall Garrison: But there's still a concern that it's displacing potentially a lot of Canadian production.

Hon. Gerry Ritz: Well, actually it hasn't displaced Canadian production yet. There's always the potential for that to happen if this kept on in the same line, but the line has gone like this—

Mr. Randall Garrison: My question is whether you have a timetable.

Hon. Gerry Ritz: It will happen as soon as possible. Those assessments are going on. You have to identify who's doing it, where it's coming through, and so on, so that you can charge CBSA—that's our front line on that—to make sure they're looking for it. This product is coming in. It's not hard to tell a full-grown chicken from what should be coming in. We're just putting the finishing touches on a number of programs so that we can address this.

Mr. Randall Garrison: I really wanted to ask about local chicken production on Vancouver Island, but I'm out of time.

The Chair: I appreciate that, Mr. Garrison.

We'll now go to Mr. Hoback for three minutes, please.

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

Thank you, Minister Ritz, for being here this afternoon. It's unfortunate that time's cut short.

I was kind of curious about the country-of-origin labelling. I know you've just been to some meetings. Could you give us an update as to where that is and whether you got some results when you were in Mexico?

Hon. Gerry Ritz: Already, of course, we're in the “hurry up and wait” mode. There are a couple of different court actions, one at the WTO. Mexico and Canada have a number of times taken the U.S. to the WTO, on several fronts now. We're in the process of analyzing the amendment they put forward. Actually their own economist at the USDA has said that the country-of-origin labelling does not show any quantifiable benefit to anybody, so that's good news for us. We make sure that the tribunal in Geneva is getting those little gems.

At the end of the day, I had good discussions with Secretary Tom Vilsack. I know my counterpart, Enrique Martinez, had the same discussions as to how hurtful it is. We have put out our list of retaliatory measures. The Mexicans don't have a gazetting process that allows them to do that. The last major dispute they had was in 2008. They had a very comprehensive list they retaliated on, and that did turn the tide at the end of the day. They've been a little more forthcoming in saying that the list they would put out would be something similar to that, so that's good news for us.

Getting that list out did help us. People started to sign on to the other court case in which American industry—from the ranchers right through to the retail sector—as well as Mexican and Canadian industry took the administration in the United States to court. One judge ruled that it was not on. They appealed it, and they had over 100 senators and congressmen, who had never taken part in that before, sign onto that appeal. Part of that help was our retaliatory list. There was a congressman from California who was quite concerned about California wine. Another congressman from Kentucky, who sits on the appropriations committee for the farm bill, was very concerned about Kentucky bourbon being attached. So it got their attention and showed them how serious we are. We have every intention of retaliating should and when it be required. We're hopeful that the Americans will finally read the tea leaves and stop riding country-of-origin labelling and move back to free and unfettered trade.

• (1700)

Mr. Randy Hoback: I think I'll leave it there, Chair. Anything else will take another five minutes.

The Chair: You have another minute.

Mr. Randy Hoback: Well, then, I think it's very important, maybe, with all the transportation issues.... A lot of naysayers have been saying that this is a result of the Canadian Wheat Board, yet if you look at the wheat prices last year, they're up by, what, 26%? Crop receipts are up to some \$30 billion for last year. It was a record year. How would you respond to that?

Hon. Gerry Ritz: Well, every year depends on the market, on how much grain is out there and if you can get it to market and so on. I unequivocally disagree with anybody who says the Wheat Board would have fixed this.

The only rationale I could put to that is that the way they used to dribble out their sales at 12%, or a twelfth a month, certainly didn't put a strain on our system. That might have been the only saving factor. That just means there would have been more grain in your bins and in my bins. When I started farming in the early seventies, we had piles of grain on the ground, and most of it rotted right there. We never did move it because they never did get it going, and it was not the volume that we're looking at today.

The other thing that everybody completely misses is that this is the second year of marketing freedom, not the first. The first year was a complete success. This one was great right off the combine, with 30% more off the combine—that's cashflow—than we ever saw before.

The other point that completely gets missed all the time is that the vast majority of products to be shipped are not Wheat Board commodities. They're canola, and pulses, and non-Wheat Board commodities. Everybody goes on about.... You know, wheat is no longer the king. It's canola. As for some misguided folks who say the Wheat Board would have fixed this, it might have affected 30% of their grain, and as I said, they only marketed a twelfth a month. It's ridiculous to say the Wheat Board would have made a difference—not at all.

The Chair: Thank you very much, Mr. Hoback.

We've had a notice that the bells are supposed to ring at five o'clock. We do have some business in terms of the estimates to go through.

Before that, Minister, I want to thank you for taking the time and for your eagerness, as always, to come before committee and be thorough and direct. I think that's the important part. You're always direct with your answers and your knowledge about your ministry. Thanks to you and to your departmental people. I have a sense that the bells will be going off in a few minutes, so thank you very much for coming out.

Committee, in terms of the estimates, pursuant to Standing Order 81(4), for the main estimates for 2014-15, we have votes 1, 5, and 10 under Agriculture and Agri-Food, vote 1 under the Canadian Dairy Commission, and vote 1 under the Canadian Grain Commission.

AGRICULTURE AND AGRI-FOOD

Vote 1—Operating expenditures.....\$544,949,432

Vote 5—Capital expenditures.....\$27,872,294

Vote 10—The grants listed in the Estimates and contributions.....\$365,352,000

The Chair: Shall votes 1, 5, and 10 under Agriculture and Agri-Food, less the amounts voted in the interim supply, carry?

(Votes 1, 5, and 10 agreed to)

CANADIAN DAIRY COMMISSION

Vote 1—Program expenditures.....\$3,610,936

The Chair: Shall vote 1, under the Canadian Dairy Commission, less the amounts voted in the interim supply, carry?

(Vote 1 agreed to)

CANADIAN GRAIN COMMISSION

Vote 1—Program expenditures.....\$7,537,076

The Chair: Shall vote 1, under the Canadian Grain Commission, less the amounts voted in the interim supply, carry?

(Vote 1 agreed to)

The Chair: Shall the chair report votes 1, 5, and 10 under Agriculture and Agri-Food, vote 1 under the Canadian Dairy Commission, and vote 1 under the Canadian Grain Commission, less the amounts voted in the interim supply, to the House?

Some hon. members: Agreed.

An hon. member: Yes, please.

The Chair: Please? Thank you very much.

With that, I thought the bells would likely be going now, but we know they're going to. I apologize to the department heads—there go the bells—but thank you so very much for coming out.

The meeting is adjourned.

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