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# **Standing Committee on Agriculture and Agri- Food**

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**EVIDENCE**

**Monday, June 13, 2016**

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**Chair**

**Mr. Pat Finnigan**



## Standing Committee on Agriculture and Agri-Food

Monday, June 13, 2016

• (1530)

[English]

**The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)):** Welcome, everyone, to our meeting of the agriculture standing committee. Today we will have our first meeting regarding the agricultural policy framework.

With us today we have Mr. Greg Meredith, assistant deputy minister, strategic policy branch, and also Mr. Andrew Goldstein, director general, policy, planning and integration directorate, strategic policy branch.

We'll have opening statements. Would you start, Mr. Goldstein? You have up to 10 minutes if you wish.

**Mr. Greg Meredith (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food):** I'll start, Mr. Chair, if you agree.

**The Chair:** Okay, go ahead, Mr. Meredith.

**Mr. Greg Meredith:** We're very happy to be here, as usual, but it's an important time for the committee to get involved.

[Translation]

We are very pleased to appear before you today.

[English]

As I mentioned, the timing is quite opportune because we're about halfway through the current agricultural policy framework and in a couple of months, ministers will be meeting, in July, to discuss the next policy framework, and within a year, we should have a significant milestone in the form of a multilateral agreement with all ministers. The department is welcoming the committee's interest in this exercise.

The policy framework says our set of agreements among governments that help us align policy and programming in agriculture—because we share a constitutional jurisdiction, which I'll get into a bit later in the discussion—but the frameworks provide us a valuable opportunity to maximize government interventions on behalf of the sector. Getting ready for the future is quite critical, so the committee's work will be very welcomed.

I want to spend a couple minutes, if you will, setting the context about why the sector is so important to the country.

[Translation]

The agriculture and agri-food sector is incredibly diverse. It is also a powerful driver of the Canadian economy. The sector generates over \$100 billion—or close to seven per cent of Canada's GDP—and

one in eight jobs. The sector has evolved to become highly sophisticated and efficient, while achieving great advancements in crop varieties and yields.

Thanks to investments in productivity growth, Canadian farmers today can produce twice as much output compared to 1961, with the same level of input. For instance, from 2005 to 2012, Canada's national dairy herd declined by 11 per cent, while total milk production increased by 6 per cent. Better feeding, disease control and genetic advancements have increased the amount of milk produced per cow. Despite international and year-to-year variability, yields for corn, canola, wheat and soybeans have trended upward over the past four decades - all due to better crop varieties and production practices.

• (1535)

[English]

Underpinning these advancements over a lengthy period of time has been a very strong reliance on research and development and science, a large proportion of which has been conducted by the Department of Agriculture and Agri-Food. Collaboration with our partners in federal, provincial, and academia has been quite critical in producing some breakthroughs over the period of the last 50 or more years. Research begun in the 1980s, for example, has led to a 90% reduction in summer fallow, which means 10.3 million hectares of extra land brought into production as a result of certain techniques. Summer fallow, as some of you will know, is leaving acreage not planted so that you can replace nutrients, replace nitrogen, rejuvenate the soil, and control pests.

By bringing that acreage into production, you're providing producers with literally millions and millions of hectares of possible production. That was done by collaborative research among governments and academia into reduced tillage techniques, introducing different fertilizer and different pest control applications that keep the soil healthy. It retains moisture and allows the production of extra crops.

By the way, it also acts as a carbon sink. Zero till and techniques that support zero tillage or low tillage strategies have been a major method in the agricultural world to mitigate greenhouse gas emissions.

One small example of the advantage that a reduction in summer fallow has brought is the increase in pulse production in Canada, from 193,000 hectares in 1981 to 2.2 million hectares in 2011. You may know that Canada is one of the world's largest, if not the largest, exporters now of pulse crops. Research and development are critically important.

I think you will know also as a committee that Canada is one of the few countries that is a net exporter of food. The country has a certain obligation to ensure the most productive practices possible. In 2015 Canada exported over \$60 billion of agriculture and agrifood products, so there's an exceptionally important role for the country to play in feeding the world, a role that will only become more important over the period of the next framework.

I should say also that farmers have been doing very well in the last several years. Farm cash incomes reached a record high of \$15 billion in 2015. The average net worth of a farm is forecast to grow to \$2.7 million—that's assets after debts—in 2016. The prospects for the future look very bright.

From our perspective, as we prepare for the next framework, we're looking at an opportunity of very significant population growth in the developing world combined with income growth and urbanization, with all three trends equalling changes in diet and changes in capacity to purchase western-style foods, including foods from Canada. We see a significant demand increase in that region of the world. In fact, if you drew a circle on the map that encompassed a portion of China and a portion of India and southeast Asia down to around Indonesia, you would have more people than in the rest of the world combined. There's a very significant export opportunity and a very significant obligation for the country to ensure that people have access to nutritious foods.

That said, there's a lot of risk in the world. There's a lot of risk built into farming. Weather, pests, and markets all present farmers with risks they have to manage. We do see forthcoming increased volatility in weather patterns, which create an enormous challenge for farmers. One point I want to make for the committee is the importance of research and development in helping the sector maintain a resilience in the face of that kind of volatility. Some of you will remember that we had a very difficult growing year in 2014-15. The season started off extremely dry. There was a large number of concerns about yield and productivity and returns to farmers over the course of that very challenging growing season. Despite all those challenges, the western crop was the second-largest crop on record—science, research, and development proving that we can improve products and improve practices to build resilience into the sector.

Another challenge for Canada going forward as we start to build the new agricultural framework is the preferences of diets, both here in Canada and abroad. Consumer tastes are changing. The growth of pulse crops is a good example of that. The acceptance in the developing world of canola oil is another example of consumer-driven opportunity that we have to ensure the sector continues to be able to take advantage of.

By way of setting the context, if I may, the evolution of agricultural policy frameworks goes back almost 15 years. I would say that prior to the 2000s, because of concurrent jurisdiction and

because of governments wanting to intervene on behalf of their producers, there were often misaligned policies and misaligned programs in the sector. Sometimes there was internecine competition between provinces wanting to get the best for their producers. The advent of a policy framework strategy that aligned policy and program among governments was a significant advantage for the sector.

• (1540)

The APF, the agricultural policy framework, in 2003 was the first such framework. We're now in the middle of the third.

**The Chair:** Excuse me, Mr. Meredith, is there going to be only one presentation?

**Mr. Greg Meredith:** Yes.

**The Chair:** We had 10 minutes per person, so I'll allow you to finish your presentation.

**Mr. Greg Meredith:** I've co-opted Andrew's time. The fact that he works for me makes that easy.

I'll be brief though, and I'll give you an example. Our response to COOL, country of origin labelling, which was a very long and dragged out effort to reopen borders for red meat in the U.S., was a very well-aligned strategy between federal and provincial governments culminating in a successful outcome. It's an outcome that I don't think would have been as easy to achieve without the alignment that governments have learned to introduce.

I'll briefly go over what constitutes an agricultural policy framework.

It's first and foremost a set of programs that align and point in the same direction. The federal government administers a number of those programs to the tune of about \$1 billion over five years. Our provincial colleagues administer programs that are worth about \$2 billion over five years. The federal government contributes 60¢ for every one of those two billion dollars. That helps with the cohesiveness of the framework. Last, governments have agreed to jointly administer a number of business risk management programs, which in the main provide direct income support to producers under conditions whereby either their productive capacity is threatened in a disaster situation or there are significant market returns that collapse.

Let me quickly go over the main milestones that we foresee coming.

In July, ministers will be getting together to talk about the framework and will produce, we hope, a common vision in the form of a policy statement going forward. That policy statement will signal to the sector where governments think the priorities should lie, and will signal also areas where governments are very interested in getting engagement and feedback.

Over the course of the next year, after July, we'll see some significant level of engagement and consultation with the sector. We've already begun to do that. Last week Minister MacAulay launched our first national engagement session with about 75 producer organizations and other organizations interested in the next policy framework. Prior to that, officials have met about 150 organizations in getting ready for the next phase of engagement. By July 2017 we should have a multilateral framework in place. That's the direction that will set both the budget—the amount of money committed to the sector—and the division of that budget among policy areas going forward for the next framework.

I won't get into the business risk management programs because of the time, but I know there will be a number of questions about those. We're more than happy to address them. That is all to say, though, that there were some significant changes in Growing Forward 2, but despite those changes, these programs have paid out about \$4 billion since 2013.

It's also in my minister's mandate letter to ensure that those programs are working on behalf of producers. In that endeavour, he's going to be joined by his provincial colleagues, who agreed at the outset of Growing Forward 2 to have a mid-term check-up on business risk management programs to ensure that the programs continue to work.

So far we're hearing a few things from the sector, Mr. Chair. One, the emphasis on innovation, research, and development continues to be a priority, as do trade and market access. Market access is critically important as we see more countries resorting to different types of technical or other barriers to trade. Having a trade agreement in place is important, but making sure that you can actually access the provisions of that market agreement is equally important.

Some emerging areas that align with this government's priorities include a greater emphasis on climate change and climate change adaptation as well as mitigation for the sector; a renewed emphasis on food processing, because of the importance of the food processing sector with regard to employment in the country; and an important effort to ensure that research and development dollars are set in a series of priorities where the best value for every research and development dollar is extracted.

Mr. Chair, in the interest of time, I'll wind up there.

Mr. Goldstein and I are happy to answer questions for as long as you'll have us.

● (1545)

**The Chair:** Thank you, Mr. Meredith, for the opening statement, which is, of course, the beginning of a long conversation that we're going to have on APF, one that is very important for all producers across Canada.

Right now we'll go to questions, and the first one in the first round will be Mr. Warkentin, for six minutes.

**Mr. Chris Warkentin (Grande Prairie—Mackenzie, CPC):** Thank you so much.

Thank you, gentlemen, for joining us. We certainly appreciate you coming. Obviously, you're the wealth of knowledge that we'll draw

from today, and it's important that we hear from you before we begin the hearings.

I'm going to drill down on an issue that I've heard again and again. I may be the exception here because I live in a different region than most in this room. One of the challenges that has continued to dog any program as it relates to a business risk model is the requirement for farmers to have crop insurance. It's obviously a provincially administered program, but it's a concern, inasmuch as farmers are limited in their access to a federal program based on the requirement that farmers engage in crop insurance at the provincial level.

The challenge is that there are certain regions of the country where insurance rates simply skyrocket, regions like the Peace, where we have a significant amount of acreage. Farmers find that their rates are so considerably higher than other regions in the province, and for that matter, the rest of the country, that the business case is not there for them to purchase provincially available insurance.

Is this a concern that you've heard? Am I the first one to bring this concern up with you? If so, would there be a feedback mechanism for farmers to give that feedback to the minister as they consider this new program?

I suspect that it's probably a niche concern, but one that has a significant impact in terms of the ability for farmers in my area to engage in what is a federal program based on the requirement to engage in a provincial program.

**Mr. Greg Meredith:** I have to admit I'm not familiar with the linkage that has been drawn between a federal program and provincial insurance. We have a program broadly called AgriInsurance. It's shared federally and provincially, administered by provinces so that it's close to the producer. It's the most popular program we have, and it's the most well financed.

Of all the programs in business risk management, that's the one that governments spend the most money on. I would say for the most part it's the most popular program. It's deemed to be predictable in terms of what it would pay out, under what circumstances, and it's transparent in terms of what the farmer has to pay in premiums. Subscription is very high and payouts are quick.

● (1550)

**Mr. Chris Warkentin:** Is there a regional breakdown of that engagement?

Would we be able to see if there's a certain portion of the country that's not—obviously, it's highly...

**Mr. Greg Meredith:** Yes, you're right.

Some of these products are provincially based. We have one program—

**Mr. Chris Warkentin:** I guess in the province of Alberta they have been, because the Province of Alberta has gone it alone on the insurance side.

**Mr. Greg Meredith:** Yes.

In one specific case, the western livestock insurance program was developed by Alberta for cattle producers, and that may be what you're referring to in the Peace. Otherwise, they were partnering with the federal government. In this case, with the agreement of the other western provinces, Alberta has now built out the coverage to incorporate Manitoba, Saskatchewan, the Peace River region of B. C., as well as Alberta.

This is a unique product that we have helped Alberta develop because it is all producer paid. That may again be a source of some of the comments that you've heard.

In the case of crop insurance, governments have subsidized premiums. In the case of livestock, that particular product is not subsidized.

**Mr. Chris Warkentin:** In terms of the insurance portion, though, determination of the premium is decided based on region and the anticipation of frost and different variables.

**Mr. Greg Meredith:** Correct.

**Mr. Chris Warkentin:** In our area, it has rendered a situation by which farmers have decided not to engage in it because of the....

It would be interesting, I guess, if we could see the uptake in terms of the regionality of the program. What I hear consistently is that farmers decide not to engage in the program because the premiums are simply too high in our area. Therefore, they effectively opt out of the federal government's component, the percentage of the money that the federal government provides for the program.

Is there a way during this time to review the premiums that are being paid out, the way that the premiums are being determined, and whether or not there's a corresponding relationship between the premiums that are being charged and the actual risk level?

**Mr. Greg Meredith:** We do that with the provinces on quite a regular basis. We have our own actuaries who interface with the provinces to make sure the programs and the funds remain actuarially sound.

I can undertake to come back to the committee in writing about uptake, broken down by region, if that would be helpful.

**Mr. Chris Warkentin:** I think it would be helpful.

Anecdotally, I hear time and time again that if you are looking at the Peace River region of the province of Alberta and B.C., people refuse to engage in the program simply because they believe the premiums are too excessive. Based on the business decisions of the farmers, they have simply opted out, which opts them out of the program completely.

**The Chair:** Thank you, Mr. Warkentin and Mr. Meredith.

[*Translation*]

Mr. Drouin, you have the floor and you have six minutes.

[*English*]

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you, Mr. Chair.

Thank you to the witnesses for being here. This is the third time we've seen you at committee. Thanks for your availability.

I want to talk about the business risk management programs and understand how your department measures success. Can you talk about the metrics of how you measure success for each program, AgriInvest, for instance?

**Mr. Greg Meredith:** A number of metrics are in place on each one of the programs. Let me quickly list them.

We have a program called AgriStability, which is largely about market return and insurance. We have AgriInsurance, as the previous member mentioned. That's very popular. We have a program called AgriRecovery that helps in disaster situations. We have AgriInvest, which is a program that provides money for farmers for proactive risk management or innovation. There are a couple of other smaller programs, but I'll set them aside for now.

We do a couple of things. We look at participation rates very carefully. We look at satisfaction rates with issues like predictability; in other words, will I know if this program is going to pay out and when? We look at timeliness satisfaction; in other words, does the program pay out when it should in a timely way?

Overall, those metrics produce a fairly positive set of feedback. In particular on the AgriInsurance front, timeliness, predictability, and transparency are all very positive.

I would say that AgriStability is probably our most challenging program in communicating the payout to producers, and how quickly it will come. In that area we have some work to do, which we will be talking about to ministers in July of this year.

● (1555)

**Mr. Francis Drouin:** I've had a conversation with a few farmers in my riding. One of the issues they want fixed for the next program is on AgriInnovation. I know that's a cost-shared program with the province. It was the timing of application.

Growing Forward 1 was essentially one application per year, or one timeline. Correct me if I'm wrong, but I understand from them that under Growing Forward 2, they can make four quarterly applications.

Part of the issue is that they appreciate it, but it's just that the timing of investment is key and it doesn't necessarily correspond with when they need it. If there's a way to fix the application process so it can meet the time of investment, which is extremely important for them, that would be appreciated.

I know you've had some consultations. I want to know if you've heard about this before.

**Mr. Greg Meredith:** Mr. Chair, this is a point we hear about from every dimension of the sector.

A couple of things happen that create the challenges the member is describing.

One is that in between this framework and the next, in some cases there's a gap. That gap would occur on, let's say, April 1 of the next framework, because you're going into new programming and new terms and conditions. If governments are not very quick to put in place those new programs, you can lose a whole crop year. If you don't have project assurance between April and June, the crop year can be lost. That creates a significant problem for any organization that's doing research on the ground in a producer-oriented format. That's a problem we've heard about and that governments are very sensitive to and are working right now to try to avoid.

The other issue, though, is somewhat broader and certainly more persistent over time. That's the complexity of the application process.

AgriInnovation, I'll confess, is a federal program. But I think provinces suffer the same challenge with respect to a timely response to organizations that are applying for money.

As governments, we know that problem exists. We certainly have feedback about it on a regular basis. We're doing work now to try to address some of those challenges.

**Mr. Francis Drouin:** That's actually one of the points I've heard too, that the application process was really cumbersome on them, especially if they were applying for a small grant. They're spending a lot of money for little return. Is that something that we can look at in terms of standardizing applications online? I'm sure the applications repeat themselves. Do they have a portal online?

**Mr. Greg Meredith:** Yes, there are a number of innovations that my colleague on the program side has introduced, including online applications and online management of the interface with program officers and program applicants, including online payouts. The digitization of the process is proceeding. There are opportunities, I believe, going forward for standardizing, collecting information once and applying it to different areas if you have an applicant who's interested in different program slices. All of those opportunities are being looked at, both at the federal and provincial levels.

**Mr. Francis Drouin:** How much time do I have?

[Translation]

**The Chair:** You have only five seconds left.

• (1600)

[English]

**Mr. Francis Drouin:** Thank you.

**The Chair:** *Merci, monsieur Drouin.*

Thank you, Mr. Meredith.

[Translation]

Ms. Brosseau, you have the floor and you have six minutes.

[English]

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

I would like to thank the witnesses for their presentations and their participation in this study.

I remember when I first came to agriculture, I think it was in 2012, and we were studying Growing Forward; we were going through it. It's a really important framework that's going to be around for a few

years, so we have to make sure that our farmers have good tools in the tool box. I know that you've explained a little bit the process of how this is going to be negotiated. The ministers are going to be meeting in July, then they'll agree on a policy statement, and after that there will be some more negotiation and feedback from industry. Then after that there will be a multilateral agreement. When exactly will this be finished?

I know we're doing a study, and we're going to continue on in the fall and hopefully submit recommendations. I'm just hoping that the work we're going to be doing at committee, our recommendations, can somehow fit in.

I don't know if this is a question that you can answer, Mr. Meredith, or maybe the chair, but will it be possible for the recommendations that we'll be making at committee to actually be part of helping to make the framework the best piece it could be?

**Mr. Greg Meredith:** I think you have the process exactly right. The multilateral agreement, which will begin to operationalize the framework, should be in place ideally in July 2017. One of the ways to avoid the gap between frameworks that was identified earlier is for governments to begin to immediately frame up, define, and begin to operationalize their programs, and not wait until April 1, 2018, which answers your question about when this framework would take place.

As to the committee's input, as governments we are very anxious to see it because you'll be talking to many of the same people that we'll be talking to, and maybe some new faces, and all of that impact will be valuable to us. In terms of the committee's engagement, the modality of involvement, I don't know.

**The Chair:** I know we have to terminate this exercise by the end of February. Maybe Mr. Poissant wants to comment on it, but definitely we would like some input, and we will discuss that.

**Ms. Ruth Ellen Brosseau:** I don't want to use up my whole six minutes. I just want to make sure that the work and the testimony that we're getting...because from my experience on the agriculture committee and throughout the campaign, we all heard from our constituents and farmers of things that need to be done better in this new piece of agricultural framework. I know you highlighted some key areas that will hopefully be followed through with this new piece.

As you know very well, we have an aging population. Farmers are looking at transferring their farms. On average, I think, farmers are about 55 years old. What needs to be considered is how we transfer family farms, making sure that we support young farmers. I was wondering if you could explain what was done in Growing Forward 2, and maybe the things you would like to see moving forward in this new agricultural framework to support new farmers and the transfer of family farms.

**Mr. Andrew Goldstein (Director General, Policy, Planning and Integration Directorate, Strategic Policy Branch, Department of Agriculture and Agri-Food):** In Growing Forward 2...and it's an issue we hear about a lot from the sector as well: rejuvenation of the sector, renewal of the sector, bringing in that next generation of farmers. I think farmers face a lot of those challenges. Their kids don't want to necessarily live on the farm; they want to move into the city.

We're working a lot with the the provinces. A lot of the programming which supports that happens at the provincial level through the Growing Forward 2 framework. Provinces have agriculture in the classroom. They want to raise awareness of the agriculture sector for a number of reasons. Part of it is to attract the next generation of farmers and gain interest in it, but it's also to connect the urban population to agriculture, because they often find there's a disconnect. People are interested in the food, but they're not as aware of how it's produced. I think there's a dual purpose to raising awareness of agriculture. It's partly to bring new entrants into the sector, but also to connect the general population to agriculture.

**Ms. Ruth Ellen Brosseau:** More and more Canadians want to buy local. They want to know where their food comes from. There are a lot of questions being asked. There is a lot of support for truth in labelling. We could talk a lot about labelling, but I don't think we should get into that right now. There are more and more young farmers who get involved in organic farming and they want to sell their products at a local market.

I wonder if you could talk about the importance of this. Yes, there is an emphasis on Canada as an exporting country and we do export a lot and there are great markets in China and other places, but there's also a great want and need to buy local. There are foodies or people who say that they live in a city and they want to buy within the 100-kilometre type of thing or they live in a rural community and support those types of productions. Could you speak about the importance of having and supporting types of programs that would help support local agriculture?

• (1605)

**Mr. Andrew Goldstein:** When we look at the objectives of Growing Forward 2, and I assume it will continue on, it's really about supporting the economic prosperity of the sector. What we see is that there are a number of different business models and different ways to be profitable in agriculture. Some producers produce commodities on a large scale for export and others find it works for them to produce on a smaller scale, and some produce organic and others use the latest technology. We try to support all of them. It's up to the individual producer to decide what is the best business model for them to succeed in. If they see an opportunity to serve a more local market with organic produce and they can make a go of it, that's great, and we—

**The Chair:** Thank you, Mr. Goldstein. We have to move along.

Mr. Peschisolido, you have six minutes.

**Mr. Joe Peschisolido (Steveston—Richmond East, Lib.):** Mr. Chair, thank you so much.

Gentlemen, thank you for attending. Mr. Meredith, welcome back, and Mr. Goldstein, it's good to see you.

I was struck by your comments, Mr. Goldstein, about connecting the urban sector to farming. In fact, at Kwantlen Polytechnic University in my riding there is a professor, Dr. Kent Mullinix, who has just put out a book called *Agricultural Urbanism*, where he is dealing with that, where you're connecting supply and demand.

Following up on that statement, I want to ask a question on how we can utilize the agricultural framework policy to create a different business model supporting farmers who don't have huge farms. In

the greater Vancouver area we're looking at farms of 5, 10, 20 acres where, given the situation in B.C. with no frost and the wealth of the soil, it can be very profitable.

There are two parts to the question. Number one, in the existing framework are there policies that can be helpful in that area? If yes, great, how can we implement them? If no, or yes, how can we take that to our next framework, which I believe starts in 2018?

**Mr. Andrew Goldstein:** Thank you for the question.

One of the real benefits of the policy framework we have right now, as Mr. Meredith was saying, is it's a national framework with national objectives but each province has the flexibility to implement programs that meet those national objectives but are really tailored to the situations that are within their local areas. Agriculture is quite diverse from one end of the country to the other. What we see in British Columbia or in Nova Scotia in the Atlantic area is much smaller-scale farms, so the programs that those provinces implement are really geared toward their farms, which are often very different from the kinds of large farms you see on the Prairies, for example.

**Mr. Joe Peschisolido:** Mr. Goldstein, are the programs product specific? Are there programs dealing with potatoes, with legumes, with berries, or with livestock? Could you explain that a bit more?

**Mr. Andrew Goldstein:** The programs are much more designed along objectives, whether it's supporting innovation or market development or skills development, and then they accept applications from various commodity groups to support individual commodities. If they're helping, say, potato growers with innovation, they would do it through that. It's not necessarily geared toward a program for a particular commodity.

**Mr. Joe Peschisolido:** Could we do that? Do you think that would be helpful or not?

**Mr. Andrew Goldstein:** The way it works now allows them to say they support objectives of increasing innovation and productivity, and each commodity can decide if that program is of interest to them and they can apply for it. That's up to the industry to come forward with what they are interested in.

**Mr. Joe Peschisolido:** Mr. Meredith, you talked about the growing demand and the differing tastes from Asia, and I see that every day. My riding is Steveston—Richmond East, so there are a lot of folks coming in from China, Korea, Japan, who are looking at our stuff.

One thing I find odd is that in B.C., we don't have a federally regulated slaughterhouse or an auction house, which makes it kind of hard, if not impossible, to export our stuff. Is that a historical anomaly, or can we change that?

• (1610)

**Mr. Greg Meredith:** For the sake of other committee members, the challenge being outlined is that, at the federal level, there's a certain standard to becoming a certified federally regulated slaughterhouse for, generally, red meats. Very often, provincial standards will differ from the federal standards. You have to meet the federal standards in order to export, so that's the challenge.



That's a challenge that has been recognized. Under the previous framework, there was some work done with provinces to do pilots to determine what it would take to bring a provincially certified plant up to a federal standard, to enable two things, interprovincial export or interprovincial trade of those commodities, but also export trade.

There's not a structural problem there. There is the challenge that it's expensive to retool your plant to get up to a federal standard if you're not already there. For a smaller scale slaughter plant, that could be prohibitive, and in the Peace region or elsewhere in British Columbia, there may not be the volumes to sustain a plant with the certification. I'm not aware of what the supply and demand conditions are there, but generally, the plants that do reach that export potential certification are fairly substantial in size.

**Mr. Joe Peschisolido:** There's no structural issue.

If there were an increased demand, let's say from China or Japan for pork or beef, particularly in the organics sector—as you know there's a concern in Asia about pollution and we have some pretty good stuff that they want to buy—the only issue is capital. There's no underlying problem.

**Mr. Greg Meredith:** There's no policy or regulatory problem there.

I would add that CFIA, our former portfolio partner, has a program of voluntary organic certification that would help in that kind of export circumstance.

**Mr. Joe Peschisolido:** Whom would I speak with? How does that work?

**Mr. Greg Meredith:** Mr. Chair, I could come back to the committee with a contact on organic certification.

**Mr. Joe Peschisolido:** Could you? That would be good.

**The Chair:** Thank you, Mr. Meredith, and thank you, Mr. Peschisolido.

Now we'll move to Mr. Longfield, for the second round, for six minutes.

**Mr. Lloyd Longfield (Guelph, Lib.):** Thank you, Mr. Chair.

Thank you, Mr. Meredith, for coming back, and Mr. Goldstein for being here as well.

I'm really interested in the emerging areas, and particularly looking at the policies around AgriInvest and AgriInnovation. I'm thinking of value-added and food processing. In Ontario, the premier has made a lot of effort towards improving food processing.

I'm wondering whether that expands in a new program that might go national and whether that's something we should be looking at considering.

**Mr. Greg Meredith:** I think I mentioned in my remarks that the governments at both the federal and provincial levels are ascribing a higher priority to food processing.

There are a couple or three issues that are really quite central to that. One is that it is higher value-added, so it's capturing more of the production value for Canadians and Canadian producers and processors. That's important.

The processing sector in Canada is a very substantial buyer of Canadian primary productions. Particularly in areas where a big anchor firm is directly tied to growing capacity—for instance, we would have heard about the Leamington challenges with tomatoes and Heinz—in those situations, the health of the processing sector is directly correlated with a healthy primary sector. I believe that Canadian processing is the purchaser of about 40% of what we grow, so that's important.

The third issue, I think, is employment. The food processing sector across the country is the largest manufacturing employer. In those cases, the provinces are very interested in making sure that the food processing sector remains healthy.

All governments are considering this as a priority, and going into the next framework anything that the committee can provide in the way of advice and insight, I think governments would welcome.

•(1615)

**Mr. Lloyd Longfield:** We have Cargill in Guelph. You've just outlined one of their challenges is personnel. OMAFRA is trying to help with HQP programs with the University of Guelph to try to solve some of that, but coordination is one of the challenges.

Talking about coordination, I saw a presentation that the University of Guelph has just started, a partnership with SOSCIP, where IBM is a partner to try to build a data-sharing network throughout universities, but also with industry. Data and agriculture don't always go in the same sentence, but in the new policy framework would something like data be considered in connecting agriculture policy with economic opportunities?

**Mr. Greg Meredith:** You've hit a very rich vein of investigation. When my colleague talked about the efforts at the provincial level to boost the profile of agriculture as an attractive career for youth, one of the things they're doing is trying to lay out just how technologically advanced and capital intensive the sector is.

When you talk about big data, Canada is a leader in precision agriculture because of the size of our farms and the challenges we face. The country is adopting new technologies at a very quick pace: telemetry for weather, for soil conditions, remote sensing of all types, and remote guidance of all types. Technology and data that goes with technology for assessing a farm condition, the progress of a crop or what have you, are all very critical to the sector.

The challenge that you mentioned, and I think you used the acronym HQP, which stands for highly qualified personnel. We're competing in the ag business with all the STEM sciences: science, technology, engineering, and math. We need those people involved in agriculture as well. I'll give you an example where biometrics and big data are quite critical and it's the area of genomics, the study of DNA and performance of a system at the genomic level.

Agriculture is a leader in taking up genomic technologies and applying them to plant and crop improvement, but that process generates enormous amounts of data. Biometric experts are in great demand across the health and other sectors that are absorbing genomic capacity. Agriculture is one of the leaders there, but it's not always the first sector that's thought of when you think of an advanced degree in bioengineering or in biometrics.

**Mr. Lloyd Longfield:** Right, and Guelph has the biodiversity institute where one of the central pieces they're working on is biogenetics.

I only have 50 seconds left, and I'm thinking of the climate change impacts where markets in the United States that have traditionally been using corn due to climate change are no longer going to be producing corn. Parts of Canada that have never produced corn may start being able to produce corn with the extended growing season, possibly out west. Climate change shifting on the market, is that part of this study or is that outside the scope of the next agricultural policy?

**Mr. Andrew Goldstein:** With innovation being a key component of the current framework, we expect it to continue to be important. That's all part of the work that our scientists working with the industry do, looking for where the new opportunities and the new risks of production are going to be, which comes in large part from climate change as well.

**Mr. Lloyd Longfield:** Thank you.

**The Chair:** Thank you, Mr. Longfield.

Mr. Shipley, you have six minutes.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you very much again for coming as our witnesses. Has there been discussion around the 60:40 ratio and a change?

**Mr. Greg Meredith:** No.

**Mr. Bev Shipley:** Thank you for that.

Another thing is the concern around caps. For example, with regard to AgriInvest, I don't know if it was changed, but it was 1% of the eligible net sales, I think, to a maximum of \$15,000 or something. That's something that has come up before. As farms are growing in size and in the value of what they produce, should there be something that would be more meaningful to them? I also want to say I hear from some very large farmers who say it shouldn't be built around them. Farmers make decisions on the size of farms as businesses, so if you have a guy farming 10,000 acres with 10,000 head of beef cattle, it's likely not the best thing to develop the policy framework around that individual.

I will leave that as a comment. Mostly I have comments that I've heard.

From what I hear, non-BRM programs are going to be part of this policy framework, which will drive the agriculture industry forward, rather than the BRM programs. I think that's significant, and I'm hearing that we shouldn't give up and we should continue to make sure that we support this industry in its research, technology, and innovation funding.

One thing that was very significant, and we can talk about the definition, was the clustered funding and how that worked, and bringing partnerships into it.

Let me just tell you why I say some of these things about innovation. There is a farm not too far from us. It's not a small family farm. They milk likely between 600 and 700 cows. They average close to 45 kilograms per day, which is about 100 pounds a day. They don't use standard technology. They work with universities. When we hear we have to stay away from the factory farms, whether it's for beef, dairy, or crops, those with some resources are actually leading in that technology and the engineering and the research. We need to come alongside those, because we won't have the smaller guys getting some of the benefits that they have to create the production levels we're seeing in crops, beef, or dairy.

If these guys who have the resources don't take the lead, those smaller ones won't be able to. The smaller ones will benefit from these.

I'll just leave that as another comment based on what I'm hearing. I'm just transferring some information. That's what I continue to hear from the folks: don't stop that part of it because that's what builds our industry; we need the BRM when the wheels fall off; we need this to consistently be there for us.

In the soil and crop area, because of those organizations, for example, they do a lot of research on the ground and the farm situation to make sure they will continue to have the resources they have.

• (1620)

You talked about the production increases, and I can sort of relate to a couple of them. When I was growing up, if you grew 65 bushels of corn, you were doing pretty well. Now, if you don't grow 200, in my area, you're looking at a number of factors. You measure that production.

Is there a measurement to break away on conventional farming and, for example, organic farming in terms of how those production levels have increased, and is there a comparative similarity between those increases in production? Do you know if those are tracked?

**Mr. Greg Meredith:** Yes. Particularly our insurance colleagues at the provincial level pay very close attention to yield, because it's the basis for setting premiums and making payouts. I would say that yields are going up significantly more in crops where there is some advanced technology, for example, in canola, soy, and corn. We're looking at a lot more, as another member just mentioned, cold-weather corn, which is almost all GE based, genetically engineered.

• (1625)

**The Chair:** Thank you, Mr. Meredith. We'll have to move to the next speaker.

[Translation]

Mr. Breton, you have the floor for six minutes.

**Mr. Pierre Breton (Shefford, Lib.):** Thank you, Mr. Chair.

I would like to thank the witnesses for their presentations which I listened to attentively.

You mentioned an expected increase in the demand for agri-food products in the coming years. My riding of Shefford, Quebec, is 80% agricultural. There are dairy, pork, fruit, poultry and egg producers. I speak with them regularly about the challenges they are facing. One of their challenges involves productivity, which you also mentioned in your presentation. These people want to increase their productivity and do more with fewer resources. It is a business for them. They want to make more money while also responding to market demand.

The agri-innovation and agri-competitiveness programs are strategic initiatives that are directed specifically to them and that are very important to them. They strive to invest more in their business in order to increase production capacity.

Can you reassure us that these programs, among others, will be part of the Growing Forward 3 strategic framework in the coming years? On behalf of the farmers I represent, I suggest that these programs be expanded since they are extremely important to them. These programs enable farmers to stay current and to be more productive and competitive as compared to other partners in the world.

I would like to hear your comments on that.

**Mr. Greg Meredith:** Thank you for the question.  
[English]

I guess I could only agree with your observations about the importance of these programs in providing a competitive base for our growers. The challenge, I think, for those kinds of investments is exactly where do governments put money? Let me give you an example.

There are the programs you mentioned—AgriCompetitiveness, AgriInnovation—and I'd add AgriMarketing. There are programs that could help the producer or producer organization market product both in Canada and abroad. There are programs that would partner producer groups with research performers to look at pest resistance, disease resistance, issues such as the delivery of nutrients in a way that directly targets when the nutrient is needed and where, so that you avoid waste and you avoid runoff. Then there are investments in variety development that could target a consumer-preferred trait or higher yields.

The challenge is for government not to make a decision about keeping those programs, because I think most governments, in fact, I can say with some confidence all governments, that we're talking to at my level are certainly very supportive of that kind of programming. The challenge that governments face is where do we invest, and as I mentioned in my remarks, where is that last dollar of investment going to be of greatest value? That's where additional feedback through the committee or directly from producers and producer groups and food processors can be most helpful.

[Translation]

**Mr. Pierre Breton:** At this point, I'd like to make a personal observation.

I am strongly in favour of increasing investments in these two programs as regards research and development and innovation, in order to increase production capacity.

We have not yet talked about a national food policy today. How would such a policy help establish the new Growing Forward 3 strategic framework?

• (1630)

[English]

**Mr. Greg Meredith:** Members will be aware that in my minister's mandate letter he's been given the task of developing a national food policy. We see that as very aligned with the economic driver for Growing Forward 2 and the next policy framework.

I would say, though, that a food policy can be much more encompassing than the primary agriculture side of the equation. Those countries and organizations that are looking at food policies incorporate issues like environmental sustainability, like chronic disease and/or nutritional benefits and health benefits of food strategies. They look at food systems that will be productive and profitable but sustainable over the long run, and responsive to consumers who, as my colleague mentioned earlier, are becoming more interested in the provenance of their food.

The challenge, I think, with a national food policy is that almost inevitably it will touch on areas where it's not a federal jurisdiction. There will be municipal involvement on a procurement strategy, or on where to regulate growing opportunities. There will be provincial involvement in a very significant way. You've seen other provinces coming up with food strategies that scope out, within their jurisdiction, some fairly sophisticated approaches to food.

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

[Translation]

**Mr. Pierre Breton:** Thank you very much.

[English]

**The Chair:** We're out of time.

[Translation]

Thank you, Mr. Breton.

[English]

This wraps up our hour of witnesses.

[Translation]

Mr. Goldstein and Mr. Meredith, thank you both once again for sharing your knowledge and expertise with regard to the next strategic framework.

[English]

We will take a couple of minutes to get ready for the business section of our meeting, which will be held in camera.

[Translation]

We will take a two-minute break.

The remainder of the meeting will be in camera.

*[Proceedings continue in camera.]*

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