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Chair

Mr. Pat Finnigan

Standing Committee on Agriculture and Agri-Food

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•(1205)

[Translation]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Good afternoon. Welcome, everyone.

[English]

Our meeting has been cut a little short. We will have close to a full hour with our guests.

Lawrence MacAulay, Minister of Agriculture, welcome.

Also with the minister, we have from the Department of Agriculture and Agri-Food, Andrea Lyon, deputy minister; Tom Rosser, assistant deputy minister, strategic policy planning; Pierre Corriveau, assistant deputy minister, corporate management branch; Fred Gorrell, assistant deputy minister, market and industry services branch; and from the Canadian Food Inspection Agency we have Paul Mayers, vice-president, policy and programs branch. Welcome, all.

Thank you all for being here with us today.

Replacing Francis Drouin, we have Chandra Arya. Welcome, Mr. Arya.

And for the Ministry of Agriculture we have Gerry Ritz. Welcome.

We'll start immediately. I will give the floor to the minister for 10 minutes.

Hon. Lawrence MacAulay (Minister of Agriculture and Agri-Food): Thank you very much, Mr. Chair. I'm pleased to be back at the committee again.

[Translation]

Good afternoon, everyone.

[English]

I want to thank the committee for its outstanding work in supporting the agricultural sector. You have recently been looking into some important issues, including agricultural debt, animal welfare, and the next agricultural policy framework. I want to thank you for your hard work and contributions on these issues.

The message I want to bring to you today is that our government will continue to work with you to grow Canada's agriculture and food sector. The main estimates before you show there is a federal government investment of \$2.3 billion. These dollars are supporting

a strong, competitive, innovative, and sustainable agriculture and food industry across the country.

Today, Mr. Chair, I would like to talk on three points: our government support for the sector, the next agricultural policy framework, and a look at the priorities ahead.

Agriculture is a high priority for our government, and proof of that is in the budget that we tabled eight weeks ago. Budget 2017 clearly positioned agriculture as the leading growth sector of Canada's economy. In the few years I have been an MP, I have never seen a federal budget give so much importance to the growth opportunities in the agriculture and agrifood sector. The sector is one of the six targeted areas in our government's new innovation and skills plan.

Budget 2017 supports the key drivers of a competitive Canadian agriculture and food sector.

On trade, the budget targets growing annual agrifood exports to \$75 billion by 2025, expanding markets in Asia, finalizing the comprehensive economic and trade agreement with the European Union, \$10 billion in a trade and transportation corridor, and \$2 billion to support rural infrastructure, including roads and bridges.

On innovation, our budget invests \$70 million in agricultural science and innovation to address the emergency priorities, such as climate change and soil and water conservation; almost \$1 billion in superclusters, focusing on innovative industries, including agrifood; and over \$1.2 billion in a strategic innovation fund to attract and support new high-quality business investments in emerging sectors such as agrifood.

On the environment, the budget provides \$200 million to support the expanded adoption of clean technology in the natural resources sector, including Canada's agrifood; and over \$5 million to extend the green jobs program to help farmers make green improvements on their farms and give young people job experience in agriculture.

The budget also renews the government's commitment to the next agricultural policy framework. We are making good progress on the framework. Based on the input from the agricultural sector last July, provincial and municipal ministers and I agreed to six key priorities as part of the Calgary statement. They are markets and trade; science, research, and innovation; risk management; environmental sustainability and climate change; value-added agriculture and agrifood processing; and public trust.

I had a productive meeting in Ottawa last week with my provincial and territorial colleagues, where we continued these important discussions. I look forward to the annual meeting in St. John's in July, where we will continue to work towards launching the next policy framework.

I want to thank the committee for its excellent work and recommendations on the agricultural policy framework. We are currently reviewing the committee's recommendations, and your input is valuable.

I can assure the committee that we will work with our provincial and territorial partners to ensure that the next agricultural policy framework meets the needs of the sector and Canadians. Like you, we are consulting closely with industry and Canadians. We will build a foundation for the future for our great industry. It will support the growth potential of the Canadian agriculture and food sector.

As well as the next policy framework, we have a number of priorities this year that will build on our recent successes.

The comprehensive economic and trade agreement with the European Union is a key priority. We are working hard with industry to make the most of the opportunities offered by CETA. The historic agreement will unite the markets of 35 million Canadians with 500 million Europeans. CETA will expand our agricultural trade with Europe by an estimated \$1.5 billion a year. Beyond Europe, I will continue to work with all our international partners to promote our Canadian exports and ensure our trade is open and based on science. In the coming year, we're planning missions to key markets including the U.S. to meet my counterparts in Washington and the European Union, and a return mission to China. There is nothing like face-to-face meetings to expand our trade in these markets.

While promoting trade, I want to assure this committee that our government also continues to stand up for supply management. We are investing \$350 million to help Canadian dairy farmers and processors stay on the cutting edge of innovation and make the transition to CETA. These important programs will be in place when CETA enters into force.

We will also continue to build our relationship with our largest trading partner, the United States. I recently delivered speeches to two key stakeholder groups in the U.S.: the State Agriculture and Rural Leaders in Louisiana, and the New England-Canada Business Council in Boston. I also had a very good call with the newly confirmed Secretary of Agriculture, Sonny Perdue, last week. We both understand the importance of a trading relationship. We will also continue to promote the benefits of NAFTA, which has increased agriculture in North America by four times.

Moving our products is critical to reach new markets and grow exports to our current customers. You cannot have trade without transportation. That is why the government has committed to bringing forward legislation to help build an efficient and reliable grain transportation system in Canada. This morning, we delivered on that commitment when the Minister of Transport tabled legislation in the House. The proposed legislation is part of Minister Garneau's overall 2030 strategy. It will address key concerns raised by the grain industry during the consultations. This proposed

legislation will help to make Canada's rail transportation system more transparent, fair, and efficient now and in the years to come.

Building on these measures, today I am pleased to announce the Government of Canada is also renewing the crop logistics working group. The working group has done a great job bringing industry and government together. I am pleased we can continue to benefit from these insights in the years ahead. The industry also told us that information and collaboration are critical to ensuring top performance. We need a clear and timely picture of how well the system is performing at any time. That is why I'm also pleased to announce the government renewed the grain monitoring program for another three years. This will give the industry an accurate picture of how the system is working and help us take quick action on any issue that may arise.

Looking ahead, we will soon launch consultations with industry and Canadians to develop a national food policy. We are committed to undertaking broad consultations with stakeholders and Canadians on the development of food policy. I understand that the committee may also undertake a national food policy study. I certainly look forward to your recommendations, if you do so.

Of course, we will continue to reach out to young farmers, who are the future of our industry. We will continue to ensure we help our youth get the skills and support they need to drive Canadian agriculture forward for generations. It is always so inspiring to meet young people who are so passionate about the future of agriculture. I held a number of youth-in-agriculture round tables and Facebook Live events across the country because it's so important that we sit down with youth and understand their issues and concerns and see how they view the agricultural sector.

Mr. Chair, Canada 150 is a source of pride for farmers because agriculture has such deep roots in our Canadian history.

● (1210)

Agriculture will certainly play a vital role in growing our future. Looking ahead, I see tremendous promise and potential for the sector. Dominic Barton, chair of the finance minister's advisory council on economic growth, recently issued a report stating that Canadian agriculture can be a "key" part of Canada's path to prosperity. Canadian farmers and food processors produce the best food in the world, and they're well placed to meet that demand.

While our nation has tremendous opportunities, we can take nothing for granted. Success will take a lot of hard work and deeper partnerships. There will always be challenges, but if we work in a united front, we can continue to have great success in this country. I look forward to working with this committee to grow this bright future in agriculture.

Thank you very much.

•(1215)

The Chair: Thank you, Mr. Minister, for this opening statement.

We will now start our rounds of questions.

For six minutes, we have Mr. Bev Shipley.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Minister, for joining us today.

I would like to start by stepping back. In terms of the Canadian Dairy Commission and the policy framework, I was taking a look at some of the changes that happened in the commission, and I have a question on contributions to support the agricultural adaptation program. In its 2016-17 estimates, it was a little over \$10 million. It moved down to \$5.5 million.

I can see where some \$800,000 went, but I'm wondering if you could help me see where the rest of the money got allocated, money that was there in terms of the adaptation program. Actually, Minister, when you're talking about all the things we want to do in terms of research adaptation, I'm seeing a cut of some \$5 million to \$6 million. I wonder if you could help us on that.

Hon. Lawrence MacAulay: I think I'll let Pierre answer that detailed question.

Mr. Pierre Corriveau (Assistant Deputy Minister, Corporate Management Branch, Department of Agriculture and Agri-Food): In the department reference level, this shows as a reduction, but in fact the money stays with the sector. That money is being transferred, with \$4.47 million that's being transferred to the Department of Western Economic Diversification. It is to support the Saskatchewan Cattlemen's Association for a project planned with the University of Saskatchewan and their vet college for two facilities, one in Clavet, Saskatchewan, and one in Floral, Saskatchewan. That is to support the organization.

That department, WD, will take the lead on this, but a portion of the funding is coming from this department. It's a normal process. Obviously from a departmental reference level, there's a small reduction, but the money stays with the sector.

Mr. Bev Shipley: Thank you. There may be a follow-up to that a little later.

In terms of transportation, there have been dollars allocated, Minister, and you've talked about the money that was going to go rural transportation in terms of roads and bridges and what have you. What we're seeing in reality right now is that a huge majority—close to some 94% or 95%—of infrastructure projects have failed to even start construction. Then, when we look at the infrastructure funding across there, we see that there really isn't any new infrastructure spending beyond the 2016 fall economic statement. When you look further, you see that the majority of the funds are back-ended until after 2022. That moves us down the road a little ways.

In terms of funding for transportation, we're talking about it locally, like what you talked about with roads and bridges, but we're also talking about large projects. If we're going to be exporting—we're an export nation—and we need to get to markets, we need to have the infrastructure to get to the markets. I'm getting concerned when I see the back end of the transportation budget in terms of the estimates moving backwards, and in this case forwards until after 2022. I wonder if you could help to explain that.

Hon. Lawrence MacAulay: As you understand, the infrastructure situation in the country was not in great shape when we took over government, and what we wanted to do was make sure that we made a major investment because our government fully understands that you have to be able to move the product along with being able to produce it. We have the best farmers and ranchers in the world, but they also have to be able to move their product.

That's why, with the green infrastructure of \$21.9 billion over nine years, most of that is with the provinces and territories as a joint agreement. What we want to do is work with other governments to make sure we put the right infrastructure projects in place so that, for the agricultural side, we'll be able to move our products. Also, trade and transportation corridors will have \$10.1 billion over 11 years.

All of this is vitally important, and I'm not the infrastructure minister, but I was certainly very supportive of this issue because I fully understand that, if you do not have the infrastructure in place, one of the first things you have to do is make sure that you can move your product.

•(1220)

Mr. Bev Shipley: Yes.

Hon. Lawrence MacAulay: Mr. Shipley, I'm just trying to answer your question.

What is so negative on trade and on economy is a poor transportation system. That's why, too, I was so big on reciprocal penalties, even in the railroad. Being a farmer, I couldn't imagine the likes of that happening.

A lot of things are taking place, but it can't all happen overnight, and we're going to make sure that we put the proper systems in place so that the farmers can move their products.

I appreciate your question.

Mr. Bev Shipley: Yes, and I understand that.

Prior to that statement, we had the largest infrastructure spending where we actually put shovels in the ground. This one is a concern, moving it to 2022.

I want to go then to the green jobs program that you talk about, improving on their farms and giving young people job experience in agriculture. We know there is a huge demand, and there is an appetite from young people, but what I don't see any money in....

We're having trouble in the agriculture sector getting realization and appreciation for the positive benefits that agriculture brings to the environmental file. I don't see any money being spent to help promote that benefit that agriculture is already doing with the environment.

Hon. Lawrence MacAulay: Of course, number one, I would say that farmers are the best stewards of the land, for sure. But indeed, all this money is allocated to making sure that green projects come into place. It helps the farmers modernize their farms in an environmental way. That's why this program was put in place.

We also understand quite clearly that the \$2 million last year was not nearly enough, so we more than doubled it this year. I'm very pleased that we did because we are moving on the environmental side in order to make sure that the agricultural sector is able to move even more forward. Nobody is more concerned about the land and a lot of issues on the environment than farmers. Being one myself, I understand you can't let it wash away, and there are a lot of things you have to do as a farmer.

This gives young people an opportunity to work on farms, to see these projects taking place. I think these programs... Well, I know that last year was so successful, and the next couple of years will bring even more benefits to the agricultural sector, and always young people are looking at, "Well, what's your experience?" Well, they'll have experience. That's another important part in a very important field.

The Chair: Thank you.

Now we have Mr. Longfield for six minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Mr. Minister, for being here, and thanks to the people from the ministry for being here for the detailed questions.

I have a question around the agricultural policy framework discussions with the provinces, and then I want to follow up with a question, if we have time, on changes with the CFIA budget.

On the discussion with the provinces, I understand from your presentation and also from the media that you were talking with the provinces in the last week or so. Guelph has the provincial and federal ministries in our city. There is a really good collaboration between the two. As we look at superclusters and the opportunity that they provide, are other provinces as excited as Ontario about getting into bullet point two, which is science, research, and innovation and specifically around the creation of these super-clusters?

Hon. Lawrence MacAulay: Mr. Longfield, I appreciate your question, and absolutely, when you sit down... I deal of course mostly with the ministers and agricultural union leaders, but there is absolutely no question. I don't think that anybody understands the importance of research and all of that more than farmers.

Just as an example, canola was established through scientists in the Agriculture and Agri-food department. They understand so well how important these programs are and how important it is that the dollars are used properly. The results end up in money in the farmer's pocket. In the end that's my responsibility, to put more money in the farmer's pocket, and that's what I want to do.

I think it's fair to say, right across the country, of course farmers want to do better, but they understand how they need to do better, not with more land, but with more results from the land they use.

● (1225)

Mr. Lloyd Longfield: In terms of the discussions with the provinces around the agricultural policy framework, how is that going?

Hon. Lawrence MacAulay: It's going well, but there's always a discussion.

When you sit down with 12 or 13 different ministers and different governments, everybody has an opinion, but it's working well. We had a great meeting last week here in Ottawa—a lot of discussion.

You know what the main objectives are for the agricultural policy framework, and it's fair to say that all ministers agree that's the direction to go in. I think that's what will take place. I can't say for sure, because I'm one-thirteenth of the program.

I'm sure Gerry is well aware of this. It's negotiations, for sure, but everybody is there to make sure that every dollar is spent in the best way possible.

Mr. Lloyd Longfield: Yes.

Hon. Lawrence MacAulay: There was a big discussion on business risk management programs. We're trying very hard to make sure we make these programs better, to make sure that the dollars are used in the best way possible. That's a responsibility of government.

Mr. Lloyd Longfield: Yes, terrific. Thanks.

Hopefully that work we did, the study that we did, provides value. It was nice for you to mention that up front as well.

Hon. Lawrence MacAulay: Yes, absolutely.

What's so important is that when you get the ideas—and I'm sure everybody around this table knows too—when you get what's needed, it's probably not even from the ministers, it's the round tables and discussion that you have around the country. It's the people who actually do the work on the land, or represent the people who do the work on the land. You want to hear from the grassroots just what the problem is.

I think it's fair to say that we did, and we hope to address these problems as well as we possibly can.

Mr. Lloyd Longfield: The creativity of farmers is never to be underestimated.

Hon. Lawrence MacAulay: You're right.

Mr. Lloyd Longfield: Looking at the Canadian Food Inspection Agency, I'm noticing that the main estimates are showing a decline from \$805 million on the most recent estimate, down to \$704 million for 2017-18.

I just have a concern that we're supporting the CFIA in the way that it needs to be supported.

Hon. Lawrence MacAulay: We did make an investment, but I'll let Paul give you the details on that.

Mr. Paul Mayers (Vice-President, Policy and Programs Branch, Canadian Food Inspection Agency): The decline that you see with respect to the agency relates to time-limited funding. There are two particular areas in terms of time-limited funding. There is the time-limited sunset program funding. As the committee will be aware, budget 2017 made significant investment in the Canadian Food Inspection Agency. As well, there is a decline in relation to the conclusion of federal infrastructure initiative funding, two-year funding that the agency had received. The decline that you see was intentional, as it related to time-limited initiatives.

Budget 2017 made a further investment in the agency, which in essence allows us to continue programming, of \$149.3 million over five years.

Mr. Lloyd Longfield: That's great. Thank you.

We have a wonderful target of growing export growth, and we can't do that without the support of CFIA.

Going through the estimates, I also noticed there's a lot of funding in other departments that really applies to agriculture, in terms of strategic investment funding, and, as you've mentioned already, transportation, green infrastructure funding.

Is there any way of coalescing the ag funding research that is in other departments, or is that something we just know is there?

Hon. Lawrence MacAulay: If you're speaking about the budget and the dollars that were allotted, like the superclusters, the \$200 million to support clean technology, and \$1.26 billion, these dollars are available to agriculture and other sectors. It's a combined.... You apply for these dollars, and the criteria will be announced by Navdeep Bains and others responsible for these funds. However, it's so important that agriculture realizes that they are targeted by the government as being the economic growth in this country.

You talk about opportunities. When you go to the Asian community, that's where you see opportunities. We can produce these products, but we have to make these investments. Also, farmers and groups have to apply for these dollars to make sure that we have the technology. Basically, we have to produce more on the same amount of land. That's what we want to do, and have been doing over the years, and want to continue to do.

• (1230)

The Chair: Thank you, Mr. Minister.

Thank you, Mr. Longfield.

[Translation]

Ms. Brosseau, you have six minutes.

[English]

Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP): Thank you, Minister, for being before the committee.

We talked about the Perishable Agricultural Commodities Act, PACA, in the last Parliament, and last year we did a study for a few days here at the agriculture committee. We wrote to you on June 9 asking you to act on PACA. Where are we at on PACA?

Hon. Lawrence MacAulay: Ms. Brosseau, thank you very much. We have talked about this before, and as I have said before, our government is fully committed to the financial success of Canada's

fruit and vegetable industry. We're looking to make sure that we continue the benefits that support the industry. Discussions are continuing.

Ms. Ruth Ellen Brosseau: So it's ongoing.

Hon. Lawrence MacAulay: It's ongoing. Absolutely.

Ms. Ruth Ellen Brosseau: Okay. Perfect.

In your presentation you talked about supply management. I represent a riding in Quebec that has hundreds of dairy farms and chicken farms. The Liberal government, your government, announced compensation, with an aid package for the industry of \$250 million to update technology and equipment and \$100 million for dairy processors.

As you know, Minister, the Dairy Farmers of Canada have projected losses of \$116 million in perpetual lost revenue. With regard to CETA, the Dairy Processors Association predicts the annual loss to be \$230 million for cheese processors, contributing to \$719 million in losses for the overall economy, with potentially almost 3,000 in job losses.

In your presentation you said that the "first portion" of this funding is reflected in the supplementary estimates (A), which were tabled last week. How much of the funding is that?

Hon. Lawrence MacAulay: Thank you very much. Of the \$350 million that will be spent, \$250 million is for the farmers and \$100 million for innovation in the processing sector. When it's announced, there will be a portion of the year left, but \$44.2 million is what the funding will be. For the dairy farmers it's \$250 million that will be allocated over four years, and with the processors it's \$100 million over four years. It will be allocated appropriately, but the dollars will be spent. It's a great announcement.

It's very important to know that this is only a portion of the dollars that are available to the dairy industry and the agricultural sector.

Ms. Ruth Ellen Brosseau: But you realize—

Hon. Lawrence MacAulay: It's important that we all work together to make sure that the farmers in every riding understand that there are dollars for innovation, green technology, clean technology—all of this stuff. I think we can all work together on that. I'm sure you will, because I understand that you're very committed to dairy farmers.

Ms. Ruth Ellen Brosseau: I understand, Minister—

Hon. Lawrence MacAulay: So am I. I happen to be one.

Ms. Ruth Ellen Brosseau: —but the projected losses are far greater than the compensation, the aid package, that you've put forward. It's just not up to the mark in terms of what farmers expect for the protection of supply management.

[*Translation*]

I will switch to French for my questions.

This morning, the Auditor General made public a report on customs duties. In it, he concludes that the Canada Border Services Agency failed to collect \$168 million in customs duties on quota-controlled agricultural products. You surely have a role to play in that, because it affects producers all over Canada.

Here is a passage from the Auditor General's report:

This finding matters because the integrity of the tariff rate quota system depends on the government's ability to ensure that all importers follow all applicable rules and regulations.

If the imports represent unfair competition for our producers, there will perhaps be losses for the agricultural industry.

What are you going to do to resolve this situation, which is extremely problematic for our agricultural producers?

[*English*]

Hon. Lawrence MacAulay: First of all, I appreciate the first part of your question. This is without a doubt a major investment that we made for the dairy farmers and the processing sector—after consultation, after talking to the processors and the farmers.

What you're talking about in the second part of your question is a very important question. It's something that has evolved over the years. It's something that I became aware of when I was appointed Minister of Agriculture and Agri-Food. It's a major problem. There are supply-managed products coming into the country—

• (1235)

Ms. Ruth Ellen Brosseau: Big losses.

Hon. Lawrence MacAulay: —that are not stopped. There is spent fowl. There is also....

What's the word I'm looking for? It's when they take the product in and process it.

A voice: The MPCs.

Ms. Ruth Ellen Brosseau: But it's perishable agriculture.

Hon. Lawrence MacAulay: I announced consultations on January 6, 2016. There have been a number of consultations.

Ms. Ruth Ellen Brosseau: So you're going to make this a priority.

Hon. Lawrence MacAulay: I'm trying to tell you.

Ms. Ruth Ellen Brosseau: I want to make sure.

I have one more question I want to ask.

Hon. Lawrence MacAulay: No, but six people lost their import privileges because they imported supply-managed products and did not export it in the 90 days. That's a start.

Have we solved all the problems? No, we haven't, but we're certainly working on them to make sure the supply-managed sector is treated fairly, and what you're stating is right and not fair.

Ms. Ruth Ellen Brosseau: I have just another quick question. On the transfer of family farms, there was a private member's bill before the House recently. Sadly, it was voted down mainly because the Liberal Party didn't see—

[*Translation*]

The Chair: Unfortunately, Ms. Brosseau, your time is up.

Mr. Peschisolido, you have six minutes.

[*English*]

Mr. Joe Peschisolido (Steveston—Richmond East, Lib.): Thank you, Minister, for appearing here.

As you know, my riding is Steveston—Richmond East, just south of Vancouver. We deal with the agricultural issues in all the Lower Mainland. Just like you, I'm a big advocate of creating a strong, robust agricultural sector in B.C.

Also, as you recall, you came out to the Hoegler's farm and did a tour of a 200-acre farm in the middle of Richmond. We had about 200 farmers from the whole area, and they were intrigued not only by the rides and the tour we did but by your conversations with them. You talked to them about how we can build a strong agricultural sector in B.C.

Earlier on you mentioned that you had conversations on the framework policy with your provincial counterparts. I know you discussed it overall with Mr. Longfield, but can you talk a little about how things are progressing as it relates to B.C.?

Hon. Lawrence MacAulay: I can talk to you about how it's progressing, but as I said before, a lot of different provincial ministers are involved with it, and I cannot state the framework we're working on. There's no announcement yet.

We tried to make sure...like what I saw when I was out in your riding. That kind of thing brings in a lot of dollars: very successful small operations that produce fresh food for communities. That kind of thing is more than excellent. That and many other things is what we're trying to make sure we put together.

The business risk management part is very important, in my opinion. I think the ministers agreed that it is, and hopefully we can deal with that in an appropriate manner.

It's also important to note—and I just want to emphasize for the committee and anybody who is listening—that there are a lot more dollars beyond the national policy framework. Farmers are innovative. I've farmed all my life. You have to make it work. If anybody can make it work it's a farmer because you have to be a lot of different things: a bit of a mechanic, a bit of a welder, and a bit of a veterinarian. These dollars are there to make sure that the agricultural sector is more innovative, that there's more clean technology. All this stuff is so important.

Then there are the superclusters to make sure we're able to capture the worldwide opportunities. I had the privilege of being in Vietnam, India, and China. The demand for food is immense and is growing by about 7% per year in these countries. They want the good food you had for breakfast today, and it's our job to produce it.

The policy framework and the last budget were put together to help do that. It's important that farmers realize that both are there to make sure we work together. It's not just through my department; it's an all-of-government program. I'm sure the agricultural sector will do very well on this.

• (1240)

Mr. Joe Peschisolido: Minister, you mentioned India, Vietnam, and China. As you recall from your visit, a lot of Canadian farmers of Chinese, South Asian, and Vietnamese background were there that day. We discussed how to export to Asia, and that's very important for all of Canada but in particular for B.C. I'd like to thank you for putting emphasis on creating federal slaughterhouses so we can start sending our beef and other products to Asia.

Can you elaborate a little more on your conversations with the officials in China, Vietnam, and India so our farmers in B.C. as well as all across the country can prepare themselves for having a new market available to us?

Hon. Lawrence MacAulay: I'll give you one example, on pulses. Ninety per cent of the pulses we produce in this country are exported to the Asian market. They're grown now, I think, right across the country. That's just one fine example. There's no question about beef and pork and many, many other products that they want. We had shellfish. There's no end to it. For canola we have also established a deal with China to 2020, which is vitally important. It's always hard to work these deals out, but my understanding is that we export more canola now than we ever did, so it's interesting. It's also vitally important to the agricultural sector. Really, it's the whole of agriculture that has the opportunity. There might be some things we produce that they don't use in a certain area, but for most of what we produce in agriculture, there is an opening somewhere in the world.

Mr. Joe Peschisolido: You mentioned earlier the crop logistics working group. Can you elaborate on why it's been reinstated and some of the benefits to that?

Hon. Lawrence MacAulay: We have to make sure the farmers understand exactly what's going on. I'm able to sit down with the farmers and hear first-hand from them. We also need to know, in the grain industry, how the shipments are going and what's available. This is what this is all about, making sure that farmers—and that we as a government and you as a committee—are fully aware of what the problems are and basically what direction we need to go in, and what programs we have.

The Chair: Thank you, Minister.

Ms. Lockhart.

Sorry, I want to manage it so that I get to go around, so we're going to reduce it to four minutes at this stage.

Mrs. Alaina Lockhart (Fundy Royal, Lib.): Very good, Mr. Chair.

Thank you, Minister, and thank you to the officials who are here today.

As a former human resources professional and a business owner and as an Atlantic Canadian, I'm sensitive to our workforce. We're all very excited to see the goal of \$75 billion in exports for agriculture and to talk about innovation and the opportunities that are there and the whole-of-government approach to that outside of just agriculture. I'm just wondering if you can talk to us about workforce and any work you're doing with other departments to solidify our workforce going forward, for producers and for processing as well.

Hon. Lawrence MacAulay: Without question, no matter what area you talk about—and I don't know if you're referring to the foreign worker program, but that's certainly one that was of great interest to me. I know we had difficulties with the foreign worker program, but it's an essential program in many areas of the country. My view is that if you have the product and you have the manufacturing capacity, but you do not have the people, it's important that we as a government make sure that we have the people there to do that. I can assure you that I work closely with Employment and Social Development Canada.

I can tell you that for the people I represent, it's okay to say there are people on EI and this type of thing, but if there's a plant that hires 150 foreign workers and 250 or 300 local workers, if we do not have the foreign workers, we do not have the local workers. The process will move somewhere else, perhaps to the state of Maine or something. What we have to do—and I'm a big advocate of this—is to make sure as much as we can that if there are problems with the program, we repair the problems and make sure that the workers are there. It's so important, and I appreciate the question.

• (1245)

Mrs. Alaina Lockhart: I think you bring up a good point. When we look at the issue of foreign workers and try to balance that against those who are having difficulty finding employment, we have to look at how they solidify some of those employers, which actually results in more jobs for local workers.

Also, we've talked about succession planning, and we've talked about youth, and engaging youth. I wonder if you could elaborate for us on the agricultural youth green jobs initiative, what that is, and how you see that being of benefit.

Hon. Lawrence MacAulay: Well, basically, on the farmers' side, the youth green jobs initiative gives young people an opportunity to get a job, let's say, on a farm. It's an environmental occupation, but it's also an agricultural occupation. What this does is give young people the opportunity to work and have some experience on the farm. One of the biggest questions is—everybody around this table here knows this—where have you worked before? For people with no work experience, this initiative gives them the opportunity to work in what is becoming one of the most important industries in our country: agriculture and agrifood. It's vitally important on both sides. We need to make sure that the people who are interested.... There are so many areas of agriculture you can be in. On the processing side, it's great to ship vessel loads of products, but I'd rather ship them in 10-ounce packages because it brings more dollars to the area, and we work on that as best we can. These are the ways we talk about innovation dollars and this type of thing. The innovators can use the dollars that are available in Navdeep Bains' budget and other budgets to make sure that their plants are able to produce this product. I'm not big on sending something somewhere else to be repackaged. It happens, and it will happen—

Mrs. Alaina Lockhart: Yes.

Hon. Lawrence MacAulay: —but we need the benefit in this country.

The Chair: Thank you.

Mr. Gourde, you have four minutes.

[Translation]

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Thank you, Mr. Chair.

Thank you for being here, Mr. Minister.

One of the major challenges for future generations, in terms of farm transfers, is the increase in the price of land. Transfer models must be progressive and very imaginative. Land is worth more and more when it is transferred. So there is a huge financial impact, and the burden of debt falls on future generations of farmers who are going to be spending a part of their lives paying interest to banks rather than profiting from the fruits of their labour.

Do you have a plan to help these future farmers, Mr. Minister?

[English]

Hon. Lawrence MacAulay: Well, it's a problem, without any question. Government just cannot give young people the money to buy a farm. I don't think you will see that take place, but what we did do with Farm Credit was increase the loan application for young farmers from half a million dollars to \$1 million, which helps. However, there are an awful lot of other.... There are other ways in the tax system. I'm always supportive of any way you can have a tax system to improve the possibility. The fact is that agricultural land is valuable and becoming more valuable. That's simply the way it is. I don't think we're in a position where we're going to be able to.... Succession is a big problem. Do I have the answers to how somebody can buy a multi-million dollar farm, and do we give them the money? No, the government will not be handing over farms to young people, but we are doing everything possible to try to make sure, through the tax system, that it is more possible for young people to enter the agricultural sector.

[Translation]

Mr. Jacques Gourde: You talked about the government's major investment in railway infrastructure to help grain producers export their products. However, a part of the problem at the moment is competition on the railways from cars carrying oil. Has the government thrown in the towel on pipeline construction that might have allowed grain to be transported by rail? It will be a major challenge to build new rail lines. The environmental aspect also has to be considered: rail lines are very visible, unlike pipelines, which are underground, and which we do not see it all.

• (1250)

[English]

Hon. Lawrence MacAulay: Well, of course, I'm not in the transportation of oil. That's not my sector. There are pipelines, and we support pipelines, as long as they are done in an appropriate manner. However, the rail lines are vitally important. We know that a number of years ago there was a study done after there was a major problem with a grain shipment on the Prairies. What that did was bring up what was presented today in the House, which I think is vitally important. I was a farmer. I grew potatoes on Prince Edward Island. Back then, we did have a railway. If I ordered a car, I had to load the car. If I had a problem and couldn't load that car, I paid to merge. If that car did not come, tough luck, I got nothing.

A lot of things happened. One thing that happened that I never thought I would see as minister of agriculture and agrifood was reciprocal penalties put in place. I think that's very important for the agricultural sector because there has to be...if it's a problem for you as a farmer, it should also be a problem for the provider. That's one of the things. Interswitching.... There are a number of things that are vitally important to make sure that we have the proper rail system in place to move the product, and not just the product we have today. It has to be done in a way that we can move the product in four or five years' time because it's going to increase. We're making investments in the agricultural sector in order to make sure there is more product produced in the same amount of land, which means more demand for the transportation system.

The Chair: Thank you, Mr. MacAulay.

Hon. Lawrence MacAulay: We have to have a transportation system in place that can provide this service because it's absolutely no good to produce the product if you cannot provide it to your customer, and many times it has to be provided in a timely fashion. If you do not provide it in a timely fashion, somebody else will. I want to make sure the Canadian farmer can do that.

The Chair: Thank you, Mr. Minister.

[Translation]

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

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

My thanks also to the minister for joining us. It is greatly appreciated.

I am especially proud that agriculture is one of the six sectors identified in the government's new plan for our economy. In my opinion, an increase in exports to \$75 billion by 2025 is an extremely commendable objective.

Farmers and processors in my constituency are quite proud that our government is putting a number of measures in place. The region has maple syrup producers. That is a highly active sector, actually, like pork and fruit juice production. Everything revolves around production, because the land is not going to get any bigger. So it will be difficult to expand manufacturing plants or factories.

Producers want to be part of this economic plan. If you had two or three proposals to help our farmers and processors, what would they be? It is extremely important for them because they want to make the most out of the possibilities that exist. They have quality products to offer and they want the world to enjoy those products.

[English]

Hon. Lawrence MacAulay: It's interesting to go around the world. Your maple syrup is a quality product. It makes you proud when you go around the world. Everybody loves maple syrup. I don't have the exact figures, but I'm sure you can produce an awful lot more maple syrup and have absolutely no problem selling it. Without question, I think it sells itself.

But everything does not sell itself. What you have to do is make sure that you.... And I think face to face with governments is very important. I think rapport, number one, is vitally important. I think it's important to have a rapport with different governments. Then it's important that you have a rapport with the importers. I'm talking more about the Asian market, and we're working hard in that area. That's what we're trying to do.

We have trade missions there, and without question, maple syrup is always brought up. The last time I was there, I saw some beautiful market lobsters. We opened a trade fair with the minister of agriculture in China. That all helps because you get media and you get the different products in this country presented in the way the Chinese, the Indians, or the Vietnamese want. That's what you have to be able to provide. That's what we're working on.

It's fair to say governments over the years have been working hard on this, but the opportunity is there now, and we must make sure we take advantage of that. I think it's fair to say we are. We have the products.

Our regulatory process was mentioned here previously. Our regulatory process is vitally important because, no matter what happens, when you sell something in a foreign country and have a problem.... You will always have problems. We are a science-based regulatory system. If you have a science-based system, and you have to send somebody to wherever it might be...it's much easier to resolve the issue.

It's also true that most countries from around the world appreciate—sometimes they don't always accept—our science-based system. That's something we need to have. You talk about trust, a social

licence. All these things are so important in the Asian community, but, of course, our biggest partner is the United States of America. We have to make sure we maintain that market. They are our best friends and our biggest market, and we will continue to work very hard with them.

That's basically where we are, Mr. Breton, with promoting.

I think it's also fair to say that, with CETA, that's going to be \$1.5 billion a year right there. These kinds of agreements are so important, and other countries are looking at these kinds of agreements that we're able to sign.

You saw what NAFTA did. It increased the sale of agriculture by four times here in this country. These things are amazing.

• (1255)

The Chair: Thank you, Mr. Minister.

We have about four or five minutes left.

Monsieur Ritz, two or three minutes, and then we'll try to get one final one to Madame Brosseau.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, Mr. Chair.

Ladies and gentlemen, Minister, it's good to see you here today. It's like old home week.

You mentioned maintaining the crop logistics working group. I think that's the right move. As you say, data is what makes the railways perform, and shippers need to know what's out there.

You're also going to extend the system for Quorum, Mark Hemmes and his working group.

Will they be able to collect week-by-week, corridor-by-corridor data, or is the devil in the details in making sure that Mark has the ability to collect that week by week? That's very important. Yes or no?

Hon. Lawrence MacAulay: I love those yes-or-no questions.

Hon. Gerry Ritz: Well, I don't have any time.

Hon. Lawrence MacAulay: The fact is that the process will evolve and it will come out as to how.

We don't have all the answers. They just announced today, so the information will come.

Hon. Gerry Ritz: All right.

Hon. Lawrence MacAulay: What they're there for, Mr. Ritz, is to make sure—and you know why they're there—that the farmers know what's going on, and that you and I know what's going on.

That's what's vitally important, and we want to make sure that happens.

Hon. Gerry Ritz: Okay. Yes, great.

Trade is vital to Canadian agriculture. We're going to grow it to \$75 billion. I think we can probably do better than that.

However, you don't mention TPP in here at all, and that's very important to Canadian agriculture. You've left that out. You haven't made any comment about the distribution of cheese coming in from the European Union. That's really where the rubber hits the road as to who's going to handle all of that.

Those types of details we hope will be forthcoming.

Hon. Lawrence MacAulay: Yes, they are.

I haven't mentioned every possible trade deal that we could have in this country. I'm not the minister of trade, but I'm vitally interested in trade.

Hon. Gerry Ritz: [*Inaudible—Editor*] deputy.

Hon. Lawrence MacAulay: I understand how important trade is.

That's why we made sure, as a government, that we put CETA in place and approved it, to make sure that the farmers had proper access to half a billion people.

Hon. Gerry Ritz: Sure.

Hon. Lawrence MacAulay: That's what we wanted to do to make sure—

Hon. Gerry Ritz: I was happy to do your homework on that one.

Hon. Lawrence MacAulay: We're open to any trade market anywhere, Mr. Ritz. I can assure you.

Hon. Gerry Ritz: Sure.

The other thing that's very important when it comes to trade is maintaining agricultural people in the embassies and consulates around the world, along with CFIA in some of the dedicated markets.

Is that on your agenda as well, to make sure you have, not Foreign Affairs people with an ag file, but actual ag-dedicated people? We've seen how they're worth their weight in gold in these markets.

Hon. Lawrence MacAulay: I appreciate your concern and question.

I'm not very big on closing embassies. I want to make sure that we have the proper people, that we have the agricultural expertise in the embassies, so that different people are able to explain to our customers exactly what we have.

We have 34 ag trade commissioners in different countries around the world. My deputy just gave me the information.

Hon. Gerry Ritz: I know.

The Chair: Thank you, Mr. Minister. Thank you, Mr. Ritz.

[*Translation*]

Ms. Brosseau, you have a minute or two, after which, we will end the meeting.

[*English*]

Ms. Ruth Ellen Brosseau: When will the Minister of International Trade announce what he's going to do with the distribution of cheese when it comes to CETA? Will it be soon?

• (1300)

Hon. Lawrence MacAulay: Of course, Ms. Brosseau, I have to leave it to the minister of trade.

Ms. Ruth Ellen Brosseau: Okay, that's fine.

Hon. Lawrence MacAulay: I don't want to infringe on his territory, but I think it's shortly.

Ms. Ruth Ellen Brosseau: Perfect.

Recently we had a private member's bill before the House of Commons that would facilitate the transfer of family farms. Sadly, that bill didn't even get to committee. There was nothing in the budget to facilitate and ease the transfer of family farms.

What kind of measures are you going to do to help the transfer of family farms?

Hon. Lawrence MacAulay: As I indicated before on a question on family farms, it's a big problem. We have increased the funding for young farmers from \$500,000 to \$1 million, but I know with buying a farm, there are many more dollars involved. It's something that we're looking at and will continue to look at.

There's a wide range of federal programs that agricultural young people can look at. There's the Canadian Agricultural Loans Act program, and, as I indicated, support for young farmers and the career focus program that funds 65 agricultural partnerships.

There are a number of programs that you can enter into, but the transfer is a big expense, and I understand.

Ms. Ruth Ellen Brosseau: Again, I'm going to come back on PACA, because this is something that has been going on for quite a few years. I know it's something that's with Minister Bains.

Can you confirm that something will be done on PACA before summer, or will we have to wait another year, or maybe until the next election?

Hon. Lawrence MacAulay: I certainly appreciate your question, but you know I wouldn't be able to announce what somebody else should announce. I would love to be able to do it sometimes, but I can't do that.

Ms. Ruth Ellen Brosseau: Okay.

The Chair: Unfortunately, that's all the time we have this morning.

I want to thank the minister for taking the time to come to speak to us today, and also all the federal people, Mr. Gorrell, Monsieur Corriveau, Madame Lyon, Monsieur Rosser, and Mr. Mayers. Thank you so much for being here.

Hon. Lawrence MacAulay: Thank you very much. I appreciate it.

The Chair: Again, we're looking forward to your next one.

Thank you.

The meeting is adjourned.

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