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## **Standing Committee on Public Accounts**

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**EVIDENCE**

**Wednesday, May 14, 2014**

**Chair**

**Mr. David Christopherson**



## Standing Committee on Public Accounts

Wednesday, May 14, 2014

• (1530)

[English]

**The Chair (Mr. David Christopherson (Hamilton Centre, NDP)):** I now declare the 27th meeting of the Standing Committee on Public Accounts in order.

Colleagues, we're here with our Auditor General again and his staff to review Chapter 8, "Disaster Relief for Producers—Agriculture and Agri-Food Canada" of the fall 2013 report of the Auditor General of Canada.

Just before we do that, though, I would like to ask the committee if we can do some quick committee business afterwards. I can tell you the nature of it. First, one of the hearings that we scheduled in our business meeting can't work because the chosen dates just don't work, and so we need to look at an alternative.

Second, we had deferred at our last business meeting the question of the public accounts conference and there are timeframes involved now, so in my view it's important that we deal with that today.

There likely will be time for that, unless the committee wishes to extend longer than normal. I would be looking for about 10, 15 minutes of committee business at the end. It should be pretty quick, and they are timely matters that I do need to put before you. We'll get to that at the end of the meeting.

Unless there are any other interventions, I am ready to begin this public hearing. Seeing none, we will begin as we usually do by asking our Auditor General, Mr. Michael Ferguson, to please read his opening remarks.

You, sir, now have the floor.

**Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General of Canada):** Thank you.

[Translation]

Mr. Chair, thank you for this opportunity to discuss chapter 8, Disaster Relief for Producers, from our 2013 fall report.

Joining me at the table are Dale Shier, Principal, and Dawn Campbell, Director, who were responsible for the audit.

AgriRecovery is a joint federal-provincial initiative that was established to fill gaps in existing programming and provide quick and targeted assistance to producers affected by disaster events.

[English]

We examined Agriculture and Agri-Foods assessment and payment processes for disaster events, from the start of AgriR-

ecovery in 2007 to the end of 2012. This included whether the department assessed disasters according to program criteria and whether it communicated with stakeholders and applied lessons learned since the program's inception. We did not audit AgriRecovery activities beyond 2012 and we did not audit the provincial role in this initiative. Our audit was completed in September 2013.

Overall we found that AgriRecovery had significant timeliness issues. We noted that the department had developed two performance indicators related to timeliness: assessing disaster events with 45 days of a provincial request 90% of the time, and processing 75% of payments within nine months of an approved assessment.

• (1535)

[Translation]

While the department does not have a performance indicator for total processing time, the assessment and payment standards add up to 10 and a half months. We found that 67% of initiatives met this combined timeline, while the remaining third exceeded it by 5 months on average.

[English]

In these cases the delay occurred because the department seldom met its own 45-day target for the assessment component of the program. Only 16% of initiatives met this target.

On the other hand, the department achieved its target for the payment component of the program, processing payments for 84% of initiatives within nine months of the approved assessment.

[Translation]

Exhibit 8.4 of our report provides examples of the consequences of not receiving financial assistance on a timely basis. For example, some producers had to sell livestock, and some were unable to purchase feed when they needed to.

[English]

We also found that although the department has established and documented a process for assessing formal AgriRecovery requests, it does not streamline its processing for smaller, lower-risk initiatives. For example, we found that a small initiative of \$44,000 took 228 days, while a large initiative of \$150 million was delivered in less than half that time. Both initiatives were responses to excess moisture events for which assessment information is usually promptly available.

The department has not improved the timeliness of payments over the life of the program. The department needs to streamline its processing of smaller initiatives, actively track against the timeliness targets it has set, and publicly report this information.

[Translation]

In one of our previous audits—the Payments to Producers chapter in our 2011 fall report—we found timeliness issues related to two other programs. In our audit on disaster recovery, the subject of today's hearing, we found that the department continues to struggle with timely program delivery.

Agriculture and Agri-Food Canada has agreed with our four recommendations and has set implementation deadlines ranging from March 2014 to March 2018.

[English]

Mr. Chair, this concludes my opening remarks. We would be pleased to answer any questions the committee may have.

Thank you.

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

We will now move to the rotation in the usual fashion.

Oh, I'm sorry. I'm jumping the gun. I need to go to the agriculture department. How could I forget Agriculture, after the great lunch we had today? My apologies.

You have the floor now, if you'd introduce your delegation, please.

**Ms. Tina Namiesniowski (Assistant Deputy Minister, Programs Branch, Agriculture and Agri-Food Canada):** Thank you, Mr. Chairman.

And good afternoon everyone.

I'm Tina Namiesniowski, and I'm the assistant deputy minister of the programs branch at Agriculture and Agri-Food Canada. Within my organization, we have responsibility for the AgriRecovery program.

[Translation]

Thank you for the opportunity to speak before this committee this afternoon. Joining me is my colleague, Rosser Lloyd, Director General of our Business Risk Management Program Directorate.

We certainly appreciate your focus on Canadian agriculture and food.

[English]

Canadian farmers are at the heart of a sector that's key to the Canadian economy and the lives of Canadians. It generates one in eight jobs, almost 7% of Canada's gross domestic product, over \$50 billion in exports, and as you referred to, Mr. Chair, nutritious, high-quality food products for Canadians.

To help advance the core economic sector, Canadian farmers need access to effective programming to help them manage the various business risks they face on a daily basis. Weather, disease, insects, markets, and other risks all generate considerable volatility for Canadian farm businesses.

[Translation]

That is why the five-year federal-provincial-territorial "Growing Forward 2" framework includes a comprehensive suite of business risk management programs.

[English]

Also, the BRM, the business risk management suite, has three core programs: AgriInsurance, which assists producers experiencing production losses due to perils, including weather and disease-related events; AgriStability, which helps producers suffering severe income losses resulting from risks, such as low prices, rising input costs, and drops in production; and AgriInvest, which helps producers offset losses, strengthen cashflow, or make investments by drawing from a savings account of producer deposits matched by governments.

[Translation]

Together, these three programs position Canadian farmers well to deal with their business risks and the impact on their outcomes.

But when extreme natural events occur, producers may need additional support, beyond existing programs, to help them with the cost of actions necessary to recover and get back to business.

• (1540)

[English]

It's in these situations that we use the AgriRecovery framework, which is the focus of today's discussion.

In 2007, AgriRecovery was a new approach to how we manage ad hoc initiatives in response to disaster events. It's essentially a protocol and guidelines that assist F/P/T governments in determining, in those types of situations, if further assistance is required and the nature of that assistance.

Since its implementation in 2007, we've learned a lot about its use and implemented a number of changes. It brings F/P/T governments together to do the following.

[Translation]

They assess the impacts of natural disasters on agricultural producers; and, where there is need, offer assistance beyond the assistance already available through the existing program. They then respond with timely, targeted initiatives to help with the extraordinary costs of recovery.

[English]

The core BRM programs and AgriRecovery work together to provide Canadian farmers with the financial support that they need when natural disasters occur. We work with provinces or a territory to assess whether or not to trigger a response and in that context we take into account the scope and severity of the disaster, the extent of any extraordinary costs that must be incurred by a producer to recover, as well as the assistance farmers have through those core BRM programs.

I want to reiterate that AgriRecovery is a framework for developing a response to a natural disaster. It's not a program to which producers can apply as soon as a disaster occurs. When we reach agreement with a province or a territory that an AgriRecovery response is warranted, both levels of government must then obtain the required authorities for the response and negotiate the terms of the initiatives. AgriRecovery continues to help Canadian farmers get their businesses up and running after droughts, floods, and other disasters. Over the past six years governments have committed about \$1 billion through almost 40 initiatives.

In relation to today's focus on the recent audit undertaken by the Office of the Auditor General, Agriculture and Agri-Food Canada was pleased to see that the AG's report recognizes that the department properly apply the AgriRecovery criteria in assessing disasters to determine whether a response is needed, co-ordinated communications efforts with provinces once initiatives were approved, and met the combined ten and a half month timeline for two-thirds of the initiatives examined through the audit process.

That said, we fully recognize that there are opportunities to improve the timeliness of the AgriRecovery processes and payments particularly as mentioned by our Auditor General for low-value, less risky initiatives. We fully agree with the recommendations that were put forward in the audit report and are taking action on all four of them.

To address the first recommendation we've committed to analyze our recovery processes and the timeliness targets with provinces. We've also committed to identify impediments to timeliness and to take corrective action to meet these timelines, including process improvements on impediments identified with the provinces, strengthening assessments and agreements, and better tracking to flag problem assessments.

[Translation]

We have already taken steps to address the second recommendation by enhancing our electronic financial and reporting system so we can better track and report on AgriRecovery timelines on a real-time basis. This will help us track our progress in real time and make course corrections when needed on individual assessments.

[English]

We will assess risk for each AgriRecovery initiative and streamline administrative efforts based on the level of risk.

Finally, we will publicly communicate AgriRecovery's performance against our timeliness targets through the departmental performance report starting this year.

In conclusion, we're taking action to improve our service to farmers and our accountability to taxpayers. Once again, we thank the committee for focusing on the framework and look forward to today's discussions.

Thank you, Mr. Chair.

**The Chair:** Very good.

Thank you.

I'm ready to turn to the rotation but I'm going to check this time.

Madam clerk, is there anything else I should do first?

• (1545)

**The Clerk of the Committee (Ms. Joann Garbig):** No.

**The Chair:** Very good.

Thank you.

Well, once bitten, twice shy.

Colleagues, unless there's a reason not to, we are now ready to begin our question and comments in rotation.

We will begin with Mr. Hayes. You now have the floor, sir.

**Mr. Bryan Hayes (Sault Ste. Marie, CPC):** Thank you, Mr. Chair.

Welcome.

On the surface, the report seems highly critical of Agriculture and Agri-Food's management of timelines. Mr. Auditor General, even in your opening statements, if somebody didn't read the full report, they were critical of timelines as well. In reality the problem area seems to be the initial 45-day assessment period. There are two components. There's the 45-day assessment period and then there's the nine-month payment period. The problem area, if I'm reading this correctly, seems quite obviously to be in the assessment phase. As a matter of fact, you mention in paragraph 8.27 there's an average of 126 days versus 45 days in terms of assessments. That being said, the department met its nine-month target for payments 84% of the time.

Is that correct?

**Mr. Michael Ferguson:** That's correct.

Certainly we did identify that the biggest part of the issue in terms of timeliness was that assessment part of the whole ten-and-a-half month time period.

**Mr. Bryan Hayes:** Based on that, on page 7, paragraph 8.18, you actually stated: It is our view that the Department should measure overall timeliness against a cumulative 10.5-month timeline, because it is the duration from the request for a disaster assessment until the issuing of payments that matters to producers.

That was in your report, correct?

**Mr. Michael Ferguson:** That's right, and our point there is that if you look at this process from the producer's point of view, as the person receiving the cheque, they would want to know that they are going to get it within that ten-and-a-half month timeframe. Certainly, the issue is at the assessment portion of that total timeframe.

**Mr. Bryan Hayes:** Based on your statement in paragraph 8.18, that you should look at the cumulative process from start to finish, that was your reason for your creating the chart at exhibit 8.3 on page 7, which basically looked at the percentage of those items you had looked at that actually made the ten-and-a-half month target from start to finish.

I had a look at that chart. I just want to make some observations and see if you agree. Specifically, when I look at “Excess moisture”, there were 14 events and the average payment was \$31 million. Factoring that out, there was \$434 million that was paid out for excess moisture events. If you do the same for drought and disease, the total payments were \$504 million. In terms of excess moisture, \$434 million of the total payments, i.e., 86% of the total payments that were paid out by this program, were actually paid out well within the guideline.

Is that a correct statement?

**Mr. Michael Ferguson:** I'm staying with what's in that exhibit. When you look at “Excess moisture”, there were 14 events, the average of which was \$31 million, and the processing time for those was all within the ten-and-a-half month timeframe.

**Mr. Bryan Hayes:** As a matter of fact, for the excess moisture event, there were 227 days on average from start to finish, which is basically 30% less than the ten-and-a-half month target. That indicates to me that 86% of total payments were actually paid out in 30% less time than all payments. Then when we factor in disease, the majority of those were within 10% of the target. So those 10 events were paid out within 30 days of the target. When I look at this I see that 24 out of the 28 events were actually within the ten-and-a-half months. Some of them fell a little bit outside that ten-and-a-half months.

So the majority of these payments were made on time. Is that a correct statement?

**Mr. Michael Ferguson:** In terms of dollars, and I think we've certainly made that point throughout this report, many of them were made on time. Again, part of what we raised is the issue that if large payments can be made on a timely basis, why can't the smaller payments be made on a timely basis?

• (1550)

**Mr. Bryan Hayes:** To go back to the report, when I look at the types of drought disasters—those four areas there, which represent total payments of about \$64 million—that seems to be the problem area, because their average days were 433, and in a ten-and-a-half month period they really had 315 days.

So it seems to me, if I focus solely on that chart, we have a problem specific to drought types of disasters. Is that a fair analysis by looking at this chart?

**Mr. Michael Ferguson:** When you look at the chart you do see that there was an issue with the timeliness in terms of that overall ten-and-a-half months with drought, overall. Again, though, very clearly one of the points that we are bringing out in the report is the fact that you also have to look at these payments on the basis of large payments versus small payments.

**The Chair:** I'm sorry, but the time has expired. Thank you very much.

Over now to Mr. Allen, who now has the floor.

**Mr. Malcolm Allen (Welland, NDP):** Thank you, Chair.

Thank you to our witnesses.

And thank you to my colleague across the way.

Far be it for me to argue numbers with my colleague, but I'm actually looking at chart 8.3 on page 7, as he was, and there are 28 events, if my arithmetic is correct: 10 disease, 4 drought, and 14 excess moisture events, of which the only ones that met the timelines were the latter 14.

Is that correct, Mr. Ferguson?

**Mr. Michael Ferguson:** The excess moisture ones, when you look at them in total, met the timeline. The other two did not.

**Mr. Malcolm Allen:** If I were to do my arithmetic correctly—albeit, I almost added 24 by mistake, instead of 28—14 is half of 28, so 50% didn't meet the timeline in that chart. Is that correct?

**Mr. Michael Ferguson:** In terms of the 28 in total, one-third did not meet the timelines.

What this is saying is that on average, when you look at that overall payment process, in terms of the ten-and-a-half-month timeline, you can see that the excess moisture events did meet that timeline. When you break it down into the individual events, I believe one-third did not meet the timeframe.

**Mr. Malcolm Allen:** I concur with that, Mr. Ferguson, because you actually say that later in the report. I simply highlighted the fact that if I read the chart at face value, like my friend across the way was trying to do, I can make it look as if 50% didn't meet the timeline, when clearly it was only a third. I acknowledge it was only a third—you're absolutely correct. But to pull information out of one place and leave it hanging in isolation does not necessarily give one a true picture.

But let me change tack really quickly and look at the department's action plan, if I could.

In paragraph 8.29, you agreed with the recommendation. Their implementation date is March 2014.

I have simple question: is that complete?

**Ms. Tina Namiesniowski:** Sorry, which paragraph did you refer to?

**Mr. Malcolm Allen:** Paragraph 8.29.

It's on your action plan sheet that you supplied the committee. I appreciate that. In the department's response, they agreed with the recommendation by the AG. You sent a timeline of March 2014. Is that complete?

**Ms. Tina Namiesniowski:** Yes, that implementation in relation to what we said we would do respective to that recommendation is complete.

**Mr. Malcolm Allen:** So you are now able to track timeliness on a real-time basis. Is that true?

**Ms. Tina Namiesniowski:** Yes, that is true.

**Mr. Malcolm Allen:** To be fair, you didn't quite say it in your timelines. You actually said something that approximated that, but I'm really happy to hear that you are. It's very important, obviously, to farmers.

Mr. Ferguson, I'll take you back to your report around timeliness issues, because that's really where this report strikes a chord with me.

There are two issues.

First, when it comes to producers, timeliness is an extremely important piece. I would draw your attention to your exhibit 8.4, which talked about farmers who suffered greatly because of the program's lack of timeliness.

The other piece, of course, is this. When we start to look at things we've done in the past, and for which the department is responsible, i.e., as mentioned in your report in 2011 about timeliness and another program falling under the department's domain, the department said that they would learn lessons from that previous report. Was that true?

• (1555)

**Mr. Michael Ferguson:** We did talk about the fact that the department has applied lessons learned to some parts of the overall programming, but we also found that there were problems with the timeliness of some of these payments, similar to some problems we have found with timeliness in the past. We did find that the department had made some improvements, based on their review of programming, but there were still some issues related to timeliness.

**Mr. Malcolm Allen:** The biggest complaint of primary producers from the last report that you did was, indeed, the timeliness of the cheques they received. The department agreed, if my memory is correct, that they would learn from that, adjust it, and make it good. Here we are again, a couple of years later, with a report on another program under the auspices of the same department, under BRM—albeit AgriRecovery is kind of a subset thereof—and we're back to the same spot. One-third of those claims are not being paid in a timely manner.

According to the report, the obvious outcome is outlined on page 11 in the English, under exhibit 8.4. I don't expect you to respond to this, Mr. Ferguson, but in my view it's a really optimistic go-forward from the situation in 2011, when it was said that they were going to fix the timeliness of the programs. The biggest complaint of farmers across this country in BRM programming is timeliness. There's no sense in getting money the year after the year that you actually needed it to replant a crop that was devastated the year before.

I appreciate timeliness, and I'm probably out of time, Mr. Chair.

**The Chair:** You are.

**Mr. Malcolm Allen:** I thought so.

Thank you very much, Mr. Ferguson, for your report.

**The Chair:** Very good.

Thank you.

According to my notes, we're back to Mr. Hayes. Is that correct?

**Mr. Bryan Hayes:** Thank you, Mr. Chair, that's correct.

You've indicated that the department met its nine-month payment target for 84% of the initiatives. I'm looking at paragraph 8.34, where it appears that a survey was done, and only 2 of 29 rated payments are ranked as very timely. I'm having difficulty understanding how 84% of the payment initiatives were met within the nine-month timeline. I look at the excess moisture events, which accounted for 86 of total payments, or \$434 million. Every one of those employers, so 14 of 28, were paid out 30% earlier than the deadline, yet in this survey, only 2 of 29 payments are rated as very timely.

I'm very confused when I see that at least half of the payments were made on time, yet recipients don't think they were timely. Is this because recipients don't understand what timeframe they should expect payment within? Can you elaborate on that a little bit, please?

**Mr. Michael Ferguson:** I think the obvious conclusion is that, as has been said, part of the important part of this program is the timeliness of the payments, getting the payments to the producers because the producers need the payments.

So certainly as we've said, in 84% of the cases, the payments were able to get out within that nine-month time period after the assessment. If there seems to be a difference of opinion on how many producers say that it's timely, I think the logical question is, do the producers believe that the nine-month timeframe is appropriate? We didn't ask that question specifically. What we asked them was, do you feel that the payments are timely? They said they do feel that, in general, they were satisfied with the amount of the payment, but 10 out of the 29 said they felt that the payments weren't timely.

**Mr. Bryan Hayes:** This leads to the next question. Would it be appropriate to have different timelines for different types of events? They're very specific. Obviously with drought, that seems to be an issue. Excess moisture doesn't seem to be an issue. Disease seems to be an issue. Would it be appropriate to have different assessment timelines for different types of disasters, as well as different payment timelines depending upon the type of disaster? Would that make sense to you?

And, officials, that question will come to you next.

• (1600)

**Mr. Michael Ferguson:** I was going to suggest that the department is probably in a better position to answer that question. But certainly, what we've said is that they need to assess risk and determine the processes that need to be put in place. That's not necessarily just about big payments versus small payments. That could be based on type of event as well. But I'm sure the department could give you more specifics about the complications with processing certain types of events.

**Mr. Bryan Hayes:** Thank you.

**Ms. Tina Namiesniowski:** Mr. Chairman, since I have not had direct experience in the assessment process, perhaps I'll ask my colleague, Rosser, to answer that question.

**Mr. Rosser Lloyd (Director General, Business Risk Management Program Directorate, Agriculture and Agri-Food Canada):** I think it speaks to one of the first steps that we have outlined in our response, which is to go and verify, with the provinces and in discussions with producer organizations, what our time commitments should be to the industry with respect to the evaluation of the assessment processes.

You raised a good issue. There are different challenges in assessing a flood situation, where it's clear that the producer is not going to be able to get on that land for the year and is not going to get a crop out of that land, as opposed to a drought situation, where as you go through the year, the situation changes. The crop got in the ground, it hasn't rained for a little while, but then it starts raining and the prospects start to improve. Those drought situations change through the cycle, which makes them very difficult to assess, to know exactly what that producer needs to recover from the situation, because we haven't nailed down what the end of the situation is.

So I think this is one of the issues that we will be discussing with the provinces and engaging the industry on as well.

**Mr. Bryan Hayes:** Thank you.

Auditor General, you mentioned in paragraph 8.27 in terms of the assessment period that the average was 126 days versus the target of 45 days.

Would it be reasonable to say in determining that average of 126 that, although it is theoretically and mathematically an average, it would be heavily weighted towards the drought-type issues in that assessment period?

**Mr. Michael Ferguson:** I don't have all of the details of what went into that calculation. It is an average, and the average came out to be 126 days. As I said, when we looked at the issue, the average of all of them ended up as 126 days, I just don't have the details at the level you're asking for.

**The Chair:** Okay. I'm sorry, but the time has expired. Thank you.

Moving now over to Monsieur Giguère. You have the floor, sir.

[Translation]

**Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP):** Thank you very much, Mr. Chair.

Mr. Ferguson, you gave us several statistics. However, I would like us to try to put ourselves in the shoes of growers and producers, especially those who were victims of the 2010 drought.

It should be pointed out that the financial assistance that they received in response to the 2010 event arrived in the spring of 2011. Yet that assistance was essential for them to get through the winter so that they would not have to sell their livestock to cover their financial losses. They received the financial assistance in the spring of 2011. They did not wait for more than the nine months but it was too late. By the time the financial assistance had been sent, they had already had to sell their livestock.

Could one say, therefore, that the AgriRecovery program was unable to help these producers because they had to sell their livestock in the end?

[English]

**Mr. Michael Ferguson:** These were responses that we got from the producer organizations talking about some of the potential impacts if payments were not received when needed. Certainly, as part of that survey they were raising their concerns about payments not being received as quickly as needed. Again, only 2 of the 29 surveys indicated that they felt the payments were very timely, and 10 felt they weren't timely at all.

So I think it's very much important for the department to understand the position of the producers on having a timely payment and what helps them recover from these types of events.

• (1605)

[Translation]

**Mr. Alain Giguère:** If I have understood correctly, under this program the 9-month timeline and the 45 days for assessment start when the province makes a request and not when the producer realizes that the harvest has been lost. That represents an additional delay.

You stated that in some cases, responses had been extremely quick and well under the nine-month timeline. I believe you even referred to a 120-day timeline.

Why is there a nine-month timeline? If it is sometimes possible to work within a four-month period, then why is the standard not four months rather than nine? Nine months is a very long time. If it is possible to work within four months, then why should that not become the standard?

[English]

**Mr. Michael Ferguson:** Again, I think that the department would have to speak on why the standard was set where it was set. What we looked at was the fact that there were the two. There was the 45 days after the request came in to make the assessment, and there was the nine months to make the payment. Those were the standards that were established. As to why those standards were established where they were, the department would have to speak to that.

**Ms. Tina Namiesniowski:** Mr. Chairman, perhaps I can start and then turn it over to my colleague.

I think the comment made relates very much to a previous question about whether or not we need different timelines for different types of events. I think as Rosser had indicated, that is part of the discussions we're having with our provincial and territorial colleagues.

At the end of the day, the standards that are established are not set exclusively by the federal government. This is a program that's delivered together with provinces and territories. They also have a view on what the standard should be, since they are very much implicated in the delivery of these initiatives that are approved in the context of the AgriRecovery program.

Rosser, do you have anything you want to add to that?

**Mr. Rosser Lloyd:** Yes. The nine months includes all of the time from when you announce the program to putting the applications out and seeking to have the producer make application, to then making the payment. The nine months is not simply the "make the payment" portion.



To take your example of a flood or a drought situation, we often find that we can respond to the immediate impacts of not having the crop through our normal programs. With AgriInsurance, producers have insurance for forage needs for their cattle for the year. Those programs are available.

What we end up doing is offering transportation. We realize that extra feed needs to come in and that producers need to have some assistance with the extra transportation cost. We would have to announce the program so that producers know it is in place; then they can take their actions to make the transportation arrangements, have the feed transported, and then make the application to us. All of that has to occur within the nine-month period.

We are often asked to extend the application period to make sure it's covering a long enough period for producers to actually take the actions and make the applications to us.

**The Chair:** *Merci beaucoup. C'est tout.*

Thank you.

We go over to Mr. Aspin.

You have the floor.

**Mr. Jay Aspin (Nipissing—Timiskaming, CPC):** Thank you, Chair.

Welcome to our committee.

I have a couple of questions to the agricultural officials.

We're given to believe that this AgriRecovery program is a federal/provincial/territorial business risk management tool under Growing Forward 2. We're told it's a cost-shared—I believe it's 60:40—disaster relief framework intended to help agricultural producers recover from such natural disasters as flooding, drought, or disease, obviously to help producers in their plight.

Basically, so that I can get some feel for this, perhaps you can give me some examples of how, when, and where AgriRecovery has been successful in helping producers recover from these natural disasters.

Perhaps Mr. Lloyd can respond.

• (1610)

**Mr. Rosser Lloyd:** Sure.

Three categories have been already cast there. I would say we've had success in each one of those situations.

The two that come to mind are the initiatives with respect to the 2010 and 2011 flooding situations that we had in western Canada, when we had an unprecedented inundation of water in those provinces. We quickly went in and delivered assistance to help the producers in preparing the land for the next round, making sure that action was taken such that they were ready to plant a crop in the next crop year.

Having said that, we also end up in situations of drought. Often, as I say, drought equates to livestock and feed shortage issues. What we tend to do in those situations is offer the transportation types of program: helping the producer with the extra cost of getting feed from the areas that have it into those areas. They tend to be for a longer period of time, but the actions can be taken. The time needs to

unfold so that the producer can take the actions necessary to bring the feed in and make the application and have the payment.

There are other examples, such as a tornado in Ontario whereby fruit trees were ripped out. We provided assistance for the producer once we recognized what the damage to those trees was. Some trees looked damaged, but it wasn't until the next year that one could really understand whether a tree was actually dead and was not going to be able to produce. In those situations, we assisted the producer with the costs of putting a new tree in the ground and with some of the maintenance costs to get it up and running.

**Mr. Jay Aspin:** Who triggers the application for the fund? Is it the producers themselves, under certain guidelines or criteria?

**Mr. Rosser Lloyd:** No, it's the provinces that generally it. We have a framework whereby either jurisdiction can trigger the framework; however, in most cases it's the provinces that do so. They tend to be closer, on the ground with the producers, so it tends to be the provinces that come forth with the request. In most cases, both jurisdictions are aware of the situation and are keeping an eye on it.

**Mr. Jay Aspin:** Okay.

What particular role does the federal government have, other than writing the cheque?

**Ms. Tina Namiesniowski:** I was going to say that the federal government has a fairly significant role in negotiating the framework with provinces and territories concerning the principles and criteria used in the context of AgriRecovery. As I said previously, it's a shared program, and there is agreement around the principles and basic criteria and the assessment process itself.

The assessment process is very much a shared assessment process, so while a province may trigger a request, the federal government and the province work quite closely in assessing the actual situation and identifying what if anything might need to be done in the context of the AgriRecovery framework. There is a set of principles that are reviewed in the context of that assessment, and both sides come to an agreement as to whether the situation is such that it warrants some level of initiative under the framework.

Both levels of government have to agree, because there are typically costs associated with the implementation of the initiative, and they are typically incremental to any existing budgets that departments might have. In both jurisdictions, you're having governments agree that yes, this is a situation that warrants the application of the framework and that yes, this is an initiative that should be pursued and funded.

So there is very much a role for the federal government in that respect. There is a similar role for an implicated province or territory as well.

**The Chair:** Thank you. Time has expired. Thank you both.

Moving along, Ms. Jones, you have the floor, ma'am.

**Ms. Yvonne Jones (Labrador, Lib.):** Thank you, Mr. Chairman, and thank you to our guests today.

First of all, looking at the report and a recommendation of ten-and-a-half months to assess and process an application, I know, from my own experience representing people who work not only in this sector but also in other sectors that are quite often hampered by disasters that nobody can control, that the timeframe itself would seem very inadequate for those operators' being able to get their agriculture business back on track for another year.

So the timeline really concerns me. Notwithstanding the amount of delay that we have already seen within the program, I still believe that better targets could be looked at by way of a timeframe. I would ask whether this is something the department will be undertaking, in addition to the other things that have already been recommended by the Auditor General.

• (1615)

**Ms. Tina Namiesniowski:** In the context of moving forward with the implementation of the recommendations, as I attempted to indicate in my opening remarks, we are looking at the issue of timelines, and as I said before, because it's not something that falls exclusively within the purview of the federal government, we're doing so jointly with the provinces and territories.

As per the conversation today, one of the things that is part of those conversations is whether we need to look at those timelines relative to the type of situation that is presenting itself. Are there instances in which you can move more quickly, relative to others? As my colleague has attempted to answer, there are situations in which the assessment process will take longer.

That is the reality. We have to find a way to be responsive to the needs of the producers but at the same time come forward with a recommendation and an approach that actually will help in a given circumstance. In certain situations, it would be difficult to do so in a quick way. So we're constantly looking for a way to balance all of those considerations.

**Ms. Yvonne Jones:** Obviously, we've seen that some of these can be done much more quickly, as was indicated in the report. It's been done with a lot of the larger projects, as opposed to the smaller projects. But before I get to that, you really have to stress the fact that if a farmer in this country has any kind of a disaster, asking them to wait almost a year before there is any effective monetary response to that could, in essence, drive many of these families into bankruptcy. It could have tremendous implications for their ability to continue in the business in any fashion. I think it's a very important issue to look at.

As for the reporting that the department has been more efficient in processing and executing larger project claims than smaller ones, we know that the bulk of the projects were smaller ones. Why is that? Is it because of pressure from the media? A lot of the larger disasters are out there in the media. People are talking about them and are more attentive to what's happening with them than they are to a lot of smaller projects. What's the reason that a lot of these bigger projects would get pushed through the system and out the door much more quickly than the little guy who's waiting for disaster relief?

**Mr. Rosser Lloyd:** There are a couple of points.

First off, I think we need to understand that the nine months isn't when the first payment goes out. That's when 75% of the payments were made. The other point I should make is that AgriRecovery is

not our first line of defence; in fact, it's our last line of defence. In there would be AgriStability interims and AgriInsurance payments in a lot of your drought and flood situations. Moreover, AgriInvest accounts are getting a fair bit of money in there where they can get access to cash as well.

Why does it take longer on a smaller than a bigger one? I'm not too sure it's the fact of size when we're looking at those flood payments. It was clear, based on the magnitude of that flood, that this land was not coming back that year. Those producers were out of production that year, for sure, and they also had to provide us some information with respect to making the payments through AgriInsurance. There was no need for an application process in those situations; we already had the data from another source. In effect, we knew there was a disaster, we knew it wasn't coming back, and we had a quick source of where to get the information to make the payments. That's what facilitated those fast payments.

• (1620)

**The Chair:** That is the end of time on your rotation. Thank you.

Moving over now to Mr. Falk, you have the floor, sir.

**Mr. Ted Falk (Provencher, CPC):** Thank you, Mr. Chairman.

Thank you, panellists, for coming here this morning. I quite enjoyed reading this report.

Mr. Lloyd, I'll just start with a question. Would you call the AgriRecovery program similar to the position of a goalie in a hockey game? That would be the last line of defence, seeing that we're in this Montreal Canadiens season. Would that be an appropriate analogy?

**Mr. Rosser Lloyd:** Yes. I'll go with that analogy.

**Mr. Ted Falk:** All right. Good.

I find it quite interesting when reading the report that the department is being held accountable for the performance not only of itself, but also of the provinces as they participate together with you in this program. Yet, in the Auditor General's opening statements, and I believe in yours as well, the comment was made that there was no audit done of the performance of the provinces that were involved in any of this AgriRecovery program.

But I do find several statements in the report interesting. In paragraph 8.31 it says, to quote from your department:

...it is reasonable to assume that all producers that received assistance found it helped their recovery.

Also, two paragraphs later, there's a similar comment, which comes as a result of the audit team's survey:

Our overall survey response indicated general satisfaction with the amount of financial assistance received through AgriRecovery....

Further on in the report, the Office of the Auditor General indicates that the department does not have appropriate performance measurements, and yet two paragraphs later I see that there are actually performance measurements that the department has. Those performance measurements, which are your current ones, I believe, are whether producers find the program helpful, whether producers stay in business after a disaster, and whether producers get assistance when they apply.

**Mr. Ted Falk:** Could you comment further and explain how the department has been able to measure the success of the AgriRecovery program?

**Ms. Tina Namiesniowski:** Perhaps I can start and then turn it over to my colleague.

Mr. Chairman, the comment that was just raised is absolutely correct: we do have performance indicators that are linked directly to the AgriRecovery program, and those include the percentage of effective producers who apply for assistance once a disaster is designated. We have a target that 80% of producers expected to have been impacted directly by the disaster would have applied.

For the percentage of producers who believe that the financial assistance provided under the program played a role in the recovery, our target is that 75% of the producers surveyed would have indicated that in participating in the program.

We also have an indicator around response time to process applications from eligible producers in the affected areas. The target is that 90% of disaster situations be evaluated, as you well know, in this 45-day period and that 75% of the applications be processed within the nine months, which has really been the focus of our conversation today.

Then there is the percentage of producers still farming one year after the disaster payment. In that respect, the measurement target is that 70% of producers surveyed are still farming one year after the disaster payment.

This is a framework that we apply in the context of the AgriRecovery framework, and it's a significant tool that we use in terms of measuring the success of the program. But that said, we are working with our provinces and territorial colleagues to look at performance measures and to make sure that they are indeed relevant for the AgriRecovery framework and that we are applying them consistently across the board.

Rosser, do you want to add to that?

**Mr. Rosser Lloyd:** That's our formal performance measurement framework. Obviously we have many interactions with producer organizations, particularly when we went into consultations for Growing Forward 2. When we were doing that process, we heard a lot of support for AgriRecovery and for the fact that it is attempting to put some consistency and some predictability to when governments come in to respond to disaster situations.

So we have both the formal process that was just described and the informal processes as well.

• (1625)

**Mr. Ted Falk:** Okay.

Based on the measurements you described your department as having, were you successful in achieving the performance you desired?

**Ms. Tina Namiesniowski:** In terms of the measurement around timeliness, I think that, as was indicated by the audit report, there is room to improve. But in terms of timeliness, we're pleased to see that the Auditor General referred to our meeting our timeliness targets two-thirds of the time.

Can we do better? I think probably every government official will tell you that we're constantly striving to do better in relation to every single program we administer. That is consistently an objective that we all have. In that context we are definitely committed to implementing the recommendations, in line with what we have provided in our management response.

**The Chair:** Okay. The time has expired. Thank you both.

We are moving back to Mr. Allen now.

You now have the floor again, sir.

**Mr. Malcolm Allen:** Thank you, Mr. Chairman.

I thank my colleague across the way for the hockey analogy about the goaltender. The dilemma is, Mr. Lloyd, that with your timeliness you actually missed the first period and you had an empty net. You actually started at the second period. I hope the other team is not really good at shooting the puck, or there would be a lot of goals scored before you showed up.

I say this with my tongue firmly planted in my cheek, because we're actually talking about farmers who are waiting for money. It's not about pucks in the net; it's about whether I can sustain myself, and in some cases whether my farm goes bankrupt. That's what we're talking about. That's the important aspect of this, the timeliness.

This brings me back to the piece you talked about, such things as fruit trees and drought. You're right; if there's a lake on a section in Saskatchewan and Manitoba, it's a lake. If it's June, we're not planting; it's that simple. I've been out there enough and know farmers well enough—I know my friend Mr. Falk knows the area well—that if that section is a lake in June, you're not seeding.

So you're right; that is easy. Drought is more difficult for sure.

Let me use the example of last year, because you used tree fruit. I'm not talking about plum pox now. Now I'm talking about apples that bloomed, with burn-off because of a frost, that don't have apples on the tree in June. There will not be any apples in August if there are no apples in June, because when the blossoms burn off, it's exactly the same as having a lake on my section in Saskatchewan or Manitoba. There are no second blossoms on an apple tree during the season.

Yet last year we waited until, I believe, almost August before we started to figure out whether there were any apples or whether there was a disaster or not in the province of Ontario, even though we knew that 80% of the apples were gone, never mind 100% of the cherries.

You're right about how we should maybe adjust things, to look at things and how we get in. The other aspect—and you mentioned it, Mr. Lloyd—is that you have responsibility to intervene as the federal government as well, not waiting for the province.

How many times, to your knowledge, has the federal government initiated an agri-recovery program in the last two years before the province did?

**Mr. Rosser Lloyd:** Concerning the apple trees, you recognize that we did not do an agri-recovery initiative.

**Mr. Malcolm Allen:** No, I know.

**Mr. Rosser Lloyd:** That was a production problem. We have production insurance called AgriInsurance.

**Mr. Malcolm Allen:** I have to draw you back, because now you're into discussion with me about apples. I actually asked you a specific question about how many times the federal government in the last two years has initiated, without waiting for the province, an agri-recovery program.

**Mr. Rosser Lloyd:** We're constantly in contact with our—

**Mr. Malcolm Allen:** I know that. How many times did you initiate, sir?

**Mr. Rosser Lloyd:** We generally look to the province to make the call.

**Mr. Malcolm Allen:** I know you do. Sir, I hate to interrupt you again. How many was it? Do you know or not?

**Mr. Rosser Lloyd:** No, I do not know. I would suggest it was very few.

**Mr. Malcolm Allen:** Okay.

Let me ask through the chair, since the witness really doesn't know, whether he could provide that to you, as chair. I would appreciate it. That's an important number to know, since by Mr. Lloyd's own words earlier, either the federal government or the provincial government can initiate AgriRecovery—either one, isn't that right?

Let me go back. I know we want to talk about this, but we're going to talk about another piece.

In the Auditor General's report, at paragraph 8.54, we talk about lessons learned. We talked about lessons learned with the payments, because that was actually the problem with AgriStability.

Mr. Lloyd, you mentioned AgriStability, and you're absolutely correct. With AgriInvest, AgriStability, and AgriRecovery, Mr. Falk's analogy is that it is the goaltender at the end. He is absolutely right; it is. The dilemma was that AgriStability couldn't pay, in some cases, for more than two years, never mind ten and a half months. That was what the Auditor General told us in 2011 about that program—the lesson to be learned with the timeliness issue.

**Let me quote what the report says at the end, and then ask you to comment on it:** We concluded that Agriculture and Agri-Food Canada does not adequately manage the federal role in providing disaster relief to producers.

How did we not learn from the previous program about timeliness issues and getting money to producers, and end up where we are now, when we knew before that another program had the same dilemma this one now has as well?

• (1630)

**Ms. Tina Namiesniowski:** Mr. Chairman, perhaps I'll start and attempt to answer that question.

In respect of the question that was asked as to whether or not the federal government...or to give the number of instances where the federal government would have instituted an AgriRecovery program, we'll come back with an answer to that question. But I suspect the answer is zero times, because at the end of the day, I think, where it's either the federal government or the province, it's around the

assessment process: it's who institutes a call for the start of the framework. The framework, as I've said before, has steps to it. There's a pre-assessment phase and an assessment phase, and either the federal government or the provincial government can launch that assessment process.

In terms of the actual initiative itself, those are initiatives that are delivered by provinces. It's not the federal government that's delivering the initiative. It's the province or territory that's delivering the initiative, and it's an initiative, then, that would have been agreed to by both levels of government. So think there's a slight difference, perhaps, in relation to how we would respond to that question.

In regard to your reference to the previous audit that was done on AgriStability and AgriInvest, yes, there have been findings in relation to that audit around timeliness, and there were concerns about the timeliness of payments in the context of the AgriStability program in particular. I can tell you that for the last program year the federal administration actually exceeded our published service standards for AgriStability and AgriInvest. For AgriStability, 91% of the files were processed in 75 days or less, and the target we have set for ourselves in the context of that program is actually 75% in 75 days. For AgriInvest, 97% of the files were processed in 45 days or less, and our target is actually 80%.

So in relation to that last audit, we did take the findings quite seriously and work to try to improve our service standards, but I am sure those individuals who fall outside that 97% are dissatisfied with the speed with which we are responding to their particular application. I can assure you that we work hard on every single one of them to try to respond in a timely fashion, but sometimes there are issues that prevent us from being able to do that quickly.

**The Chair:** Thank you.

Your time has well expired.

We'll go over to Mr. Albas.

You have the floor, sir.

**Mr. Dan Albas (Okanagan—Coquihalla, CPC):** Thank you, Mr. Chair.

Thank you to all of our witnesses for your testimony today.

Obviously, AgriRecovery is a new approach, founded in 2007 and working hand in hand with the provinces to try to find better ways to serve. I don't necessarily agree with Mr. Allen's assessment that the federal government needs to be the crusading person. What I think most of my constituents would like to see is all governments working hand in hand.

My understanding from the testimony here today is that it is a framework, so that when a disaster happens, both the federal and the provincial governments, and any other relevant authorities, work together to try to find a way to mitigate damage and to make sure that we have a strong stable food supply but that we also have a growing economy. There's only one taxpayer, so I don't think the constituents in my riding really care if it's the federal government or the provincial government leading the charge, as long as the results are assured.

Mr. Auditor General, thank you for coming in. I have a few questions in regard to the survey.

I'm really rather confused, because in paragraph 8.16 regarding the 9-month target, it says quite clearly:

We examined whether the Department had met its payment target and found that it had. The Department met its 9-month target for 84 percent of initiatives". Your report also found that the communications efforts "work well after an AgriRecovery initiative is approved.

I'm very happy to hear some of these things, but what gets me is that about one third of the surveyed food producers.... By "food producers", it's not the actual farmers who use the program but the industry associations, is that not correct? Or am I wrong in that?

•(1635)

**Mr. Michael Ferguson:** It was the producer organizations.

**Mr. Dan Albas:** Okay. So it's not the people who access the program directly. It was food producers that are detached from the actual people, is that correct?

**Mr. Michael Ferguson:** The actual producers, of course, would be represented by—

**Mr. Dan Albas:** Sure.

**Mr. Michael Ferguson:** —organizations.

**Mr. Dan Albas:** And I'm sure that many of them have industry experience and whatnot, but it wasn't the actual people who were receiving the cheque. Is that correct?

**Mr. Michael Ferguson:** That's correct. We surveyed the producer organizations.

**Mr. Dan Albas:** Now, on that survey, again, we have the objective criteria in exhibit 8.3. Again, 84% of payments were coming in on target and on time, so it just seems strange to me that one third would have a bad experience. Is there any way you could table that survey, just so I can get a sense of it? I ask because we have an objective measure and a survey, not of the actual people who were affected but of the industry associations, and there seems to be a measure of difference here. Is it possible to have that survey tabled?

**Mr. Michael Ferguson:** I would have to get legal advice on all of that. We did promise when we did the survey that it would be confidential—

**Mr. Dan Albas:** I'm not speaking about the actual return surveys, Mr. Auditor General. I'm just talking about the general survey so I can get an idea of what questions were asked.

Going back to our first point of constituents' not caring whether it's the provincial government or the federal government—did you specifically say in that survey that it was the federal AgriRecovery component and timeliness? Did you also put down any of the

expected timelines, because if I'm a business owner and I know that I'm waiting for a cheque and I don't know necessarily what the timelines are, I want it by tomorrow, or actually yesterday.

In fact, Mr. Chair, I don't think I've ever met a business owner that says the federal government actually—or any level of government—is actually faster than the pace of business.

**Mr. Michael Ferguson:** Actually, we did have two of the 29 who said that the payments were very timely.

**Mr. Dan Albas:** Isn't that great?

**Mr. Michael Ferguson:** Also, 17 said it was somewhat timely. We were asking about whether they were satisfied with both the amount of the assistance and the timeliness.

**Mr. Dan Albas:** They found it very timely, but I don't think they found it faster than they expected. Again, I appreciate that.

If you could find out about tabling that document—I want to get a sense of why you would have a subjective survey that would have almost completely different results, with 84% coming in on time—I really would appreciate that.

Moving over to the officials, I'm getting the impression that this particular program does not exist in isolation. There are three other programs, and that's just from the federal government; that doesn't also say anything about complementary provincial programs. Is that correct?

**Ms. Tina Namiesniowski:** Many of the business risk management programs that we refer to: AgriStability, AgriInvest, AgriInsurance—those are actually federal-provincial programs in many—

**Mr. Dan Albas:** Again, going back to what triggers an assessment in the first place, it did seem to be that 45 days seems to be an issue here. Can you give me an idea what triggers that? Is it a provincial inspection, when they come to you and say, "We may have a problem here; we may have a disease that's breaking out and we may not know until the end of season how bad it is, or we may have a drought and we're not sure what the conditions are going to be"?

Mr. Chair, I know in my area, conditions can change quite rapidly. If you ever want to visit, you certainly can come out.

**The Chair:** Be careful, I might take you up on that.

A very brief answer, if you don't mind please. Thank you.

Mr. Lloyd, do you have a comment?

**Mr. Rosser Lloyd:** There's no formal criteria when a request for an assessment comes in. It's generally as you say: you end up with a negative situation someplace out there; there's some sense that it's worthy of an assessment; the request comes in; and we then launch into a formal assessment of the situation.

**The Chair:** Great. Thanks very much.

Moving over now, back to Madam Jones. You have the floor, ma'am.

**Ms. Yvonne Jones:** Thank you.

Regarding programs related to disasters, you said earlier that the AgriRecovery program is not the first line of priority for your department. When there are such disasters and a need for a program like this, are there additional human resources deployed to do that work? Or do you do it with the in-house staff you already have?

**Ms. Tina Namiesniowski:** Maybe I could just back up for a minute and simply say, Mr. Chairman, the AgriRecovery is not a program; it's a framework, and it can lead, depending on the results of an assessment process, to the establishment of a specific initiative to deal with a particular situation.

I can tell you we have dedicated staff that support the AgriRecovery program, so we do have staff in-house that work to deliver, that work as part of the assessment process, and engage regularly with provinces and territories and affected producers. They would be implicated in the decision-making process that the federal and provincial governments would make with respect to any particular initiative, which would then subsequently be delivered by a province or territory, as the case may be.

• (1640)

**Ms. Yvonne Jones:** Also, do you have a process within your department to ensure that the work is getting done? That the targets are being met? That there is a level of accountability? Who within your department would be responsible for making sure that those things happen?

**Mr. Rosser Lloyd:** That's Tina and I. As the OAG indicated, there's not a formal reporting system and we have now fixed that with that recommendation number 3, I believe it was. We had taken those steps to do so.

On the earlier point, when we do those assessments, the individuals involved in those assessments make sure that the other programs are coming to bear as well. We implicate the AgriStability people, either our own delivery or the province, to make sure that the producers are getting access to AgriStability, AgriInsurance, and AgriInvest, of course as well.

**Ms. Yvonne Jones:** The department had established a performance measure framework to complete all of the assessments within 45 days 90% of the time. That's correct, right? Obviously this number came from somewhere. It was an attainable goal that was obviously set by the department to be used, or at least a guide that you could work towards.

So why is it there's such a large discrepancy between the 16% that we saw and the 90% target that you set, and yet you tell me that you have dedicated staff, that you have people who are responsible for ensuring that these targets are met? I'd like to have an explanation for that.

**Mr. Rosser Lloyd:** The 45 days was set very early on when we were looking at the framework with the provinces. It was naive. The first error we made was exactly the point that was made earlier: the request doesn't come in when we know the situation, which is basically what we were assuming when we set the 45 days. The request for the assessment tends to come in as soon as we know there's a negative situation out there. That's one of the fundamental reasons why we have to look at that 45 days. We have to understand when it starts and when it stops. In situations like drought, when you get a situation where it starts raining, you have to wait until you can understand that.

So the 45 days was set early. There wasn't a full understanding of how the thing worked at that point in time, because it was a new framework. We are learning lessons as we go along.

**Ms. Yvonne Jones:** If you're looking at a disaster like this in the country, or you're looking at a flood that's impacting a lot of people who are in the agriculture business, what would be the role of the minister, the governance role, in this process to ensure that targets are met, that people are not waiting, that applications that are supposed to be assessed within a timeframe are not being delayed by three times that? What's the accountability role for the minister and the governance level here?

**Ms. Tina Namiesniowski:** Ultimately the minister is accountable to Parliament for what happens within his department, but we are also very accountable, as public servants, in terms of the effective delivery of programs that fall within our sphere of influence. Because agriculture is a shared jurisdiction, you definitely have a similar set of accountabilities in other jurisdictions.

As we've underscored today, we do work very closely with those jurisdictions in the context of responding to particular disasters. I can tell you that our minister is quite interested in our ability to provide effective and efficient responses in relation to dealing with the concerns of producers, as we are as well.

**The Chair:** Sorry, ma'am, the time has expired.

Mr. Carmichael, you have the floor, sir.

**Mr. John Carmichael (Don Valley West, CPC):** Thank you, Mr. Chair.

Good afternoon to our witnesses.

I'd like to start with Mr. Ferguson, and then, as officials feel appropriate, please jump in.

I'm looking at paragraph 8.35 in the report, where you talk about a guide to developing performance measurement strategies, and about the latter being both valid and relevant. In 8.36 you go further to outline some timeliness targets that you referred to in 8.14. You say in here that 80% of the expected producers affected apply for assistance. Somewhere, then, 20% of those who were affected went elsewhere. Did they meet their needs, or were their needs met under AgriStability or AgriInvest?

You also state in here that "...70 percent of producers surveyed are still farming one year after the disaster payment, and 75 percent of producers surveyed believe that the financial assistance provided under the program played a role in their recovery." In your report you talk about the two-thirds and the one third, where two-thirds were somewhat satisfied or thoroughly satisfied, completely satisfied, with the timeliness.

When you did the survey, was the survey done in highlighting the timelines of 45 days to ten and a half months and looking for their feedback on those timelines, or was it done on the basis of a crisis, a disaster, that was in place, and they've met certain financial constraints and significant issues, and their response on somewhat timely and completely timely was based on the moneys that were paid out of the AgriRecovery or one of the other agri programs to meet their need in the midst of that crisis?

I wonder if you could answer that one, sir.

•(1645)

**Mr. Michael Ferguson:** I think to understand the surveys, we need to go to what we say in paragraph 8.31:

The Department's performance measurement framework states that surveys should be undertaken to assess how well AgriRecovery assists producers. We found that the Department has not ensured that such surveys have been conducted for many initiatives and therefore does not have the information to determine whether AgriRecovery is assisting producers.

So under the department's performance measurement framework, there was the intention to do these surveys, but we didn't find that they had been done in all the cases. We went out and basically, I guess, dealt with two sort of high-level questions. One was around whether the amount was satisfactory to deal with the types of problems. The other one was to deal with whether they felt the payments were received in a timely fashion.

We didn't ask if they were received within the timeframe of the department, or if they were happy with the timeframe of the department, because the program objectives were about providing quick, targeted assistance to facilitate the return to work as rapidly as possible. That's why we were asking the question about whether or not they were satisfied with the timeliness of the payments.

To your question on the 80%, the 70%, and the 75%, originally those measures were set by the department. They're the target levels, they're not the actual levels. The department would have to speak more to that.

**Mr. John Carmichael:** As I understand the two-thirds and the one third, two-thirds see it as completely or somewhat timely. That's not necessarily a bad number, depending on what you're measuring. What I'm trying to understand is that as we measure both the timelines of the programs and the various levels of complexity that are built into three different programs, the amounts of money that stream out of those....

I mean, clearly, losing one farmer, one producer, is one farmer, one producer too many to lose. So I understand your empathy and your focus in trying to ensure that these guidelines are met throughout. What I'm trying to understand is this: how many numbers of farms are we in fact talking about here, or producers? I don't understand, within the producer groups, how many farms are contained within each producer group.

Again, from my understanding, I'm finding this very difficult to work my way through the effectiveness of the program. I appreciate that you've come up with a tracking device for March 2014. I think that's critical. I look forward to the next time we have an opportunity to review just to see how effectively we're doing it.

But I want to understand; we talk about the ten and a half months, we talk about two-thirds who are happy, we talk about the amount of money and three different levels of complexity, but how effective are we? Are we getting the job done or not? Obviously we don't want to lose any farmers, but what are we accomplishing here? Is it working or is it not working?

•(1650)

**The Chair:** Very briefly, please.

**Mr. Michael Ferguson:** I think what we've said in here is that those types of performance measures aren't at the level that they should be, and there are some things that would cause you to sort of ask questions about whether the program is operating at the level that it should operate.

**Mr. John Carmichael:** Thank you.

**The Chair:** Good. Thank you.

Monsieur Giguère, you have the floor again, sir.

[*Translation*]

**Mr. Alain Giguère:** Thank you very much, Mr. Chair.

It is rather upsetting when one looks at old files and sees that the same problems systematically arise. Agriculture and Agri-Food Canada have stated in the past that they accepted all our recommendations. Yet, the problem persists.

You stated that in the case of AgriRecovery the timelines and performance measures were respected, however you also noted that previous audits had identified the same problem, particularly in the department's risk management programs. Could you please expand on that?

[*English*]

**Mr. Michael Ferguson:** We have found problems in past audits with timeliness of payments.

I think, though, to make sure everybody understands, in paragraph 8.54 we were referring to a 2011 fall report that we produced. The time period for this audit covered the period from January 1, 2011 to December 31, 2012. By the time we had reported in the fall 2011 report on some of the problems, we were already into the period of this audit. You wouldn't expect them to be able to put all of those things in place in a time period that ended up to December 2012. We understand that.

That said, in both types of audits we were finding the same types of problems, which were with timeliness of payments.

[*Translation*]

**Mr. Alain Giguère:** Is there an explanation? Could you tell us why these problems are systematically raised from one audit to another with no apparent satisfactory solution?

[English]

**Mr. Michael Ferguson:** Again, the department has indicated that they have been trying to work on this, and they have said they feel they've made some progress with some of the other programs. I'd have to let them speak to that. We haven't done an audit of that. The only thing I can speak to is that we did find issues with timeliness in the past report, and we found issues with timeliness, in some cases, particularly with smaller value payments, in this audit. But as to why that problem has been consistent in the two audits, I think the department would have to speak to that.

[Translation]

**Mr. Alain Giguère:** I would like to point out that your final conclusion is still rather harsh, especially coming from a man who is as reserved as yourself. Paragraph 8.59 states:

We concluded that Agriculture and Agri-Food Canada does not adequately manage the federal role in providing disaster relief to producers.

I think it is very important that we give Agriculture and Agri-Food Canada an opportunity to speak. What could you do, quickly, even very quickly, to make sure that this conclusion stops being the case?

[English]

**Ms. Tina Namiesniowski:** Mr. Chairman, as I had referenced before, the earlier audit that had been referred to did raise questions of timeliness around two other business risk management programs: AgriStability and AgriInvest. I would say we've made significant progress and we are currently exceeding our standards in relation to timeliness for both of those. So I am equally hopeful that, in relation to this particular audit, we will make progress in terms of implementing the responses to the recommendations and improving our timeliness.

In terms of trying to do this quickly, as I have said repeatedly, this is a shared jurisdiction issue, and we are engaged quite aggressively with our provincial and territorial colleagues to try to address the findings that have been raised in the context of this audit. We will continue to do so until we come to what we believe is a satisfactory implementation of the actions associated with the recommendations.

• (1655)

[Translation]

**Mr. Alain Giguère:** I have a very brief question.

It was pointed out that one of the ongoing problems was not only the timelines but also—and this is very unfortunate—your criteria. In fact, you act when there is a request for provincial-federal cooperation and not when the producers realize they have lost their harvest.

If an apple tree loses its flowers in May, the grower knows this in May. If that request is only made in October, then four months is added on to the ten months.

You calculate your administrative timelines. However, the grower's timeline is dictated by the bank, not by you. That is when you missed the boat, and in a big way. That is one of the strongest criticisms expressed by producers.

Given that the timelines have sometimes been four months, could we hope to see approximately four-month criteria?

**Ms. Tina Namiesniowski:** I will try to answer that question.

[English]

**The Chair:** Please be really brief, because that was a very long “short” question.

[Translation]

**Ms. Tina Namiesniowski:** We realize that the growers face immediate problems. That is why we try to have a certain level of interaction with each of these individuals in order to determine whether or not an existing program can be used to improve their situation. We attempt to find a way of immediately using one of the three following programs: AgriInvest, AgriStability and AgriProtection.

In terms of the AgriRecovery Program timelines, we need to obtain the approval and agreement of other authorities.

[English]

**The Chair:** Wrap up, please

**Ms. Tina Namiesniowski:** We have to apply the criteria and decide whether we are going to have a specific initiative to respond to that particular situation.

**The Chair:** Good. Thank you.

Now we go over to Mr. Albas.

**Mr. Dan Albas:** Thank you, Mr. Chair.

Now, Mr. Auditor General, a number of points were raised in the Agri officials' submission earlier today. On pages 8 and 9, in a series of responses and achievements, I want to read out the second to the last paragraph on page 9 of their submission: “These achievements ensured that approximately 90% of the funding under all initiatives made it to producers within the 10-and-a-half-month timeline.”

Is that correct?

**Mr. Michael Ferguson:** I can't speak to initiatives that they have undertaken. That's what the department has said.

**Mr. Dan Albas:** OK. That's fair enough.

I'd like to cover what Mr. Hayes referred to earlier, specifically that it seemed to be that there are different issues with trout, with disease, when we have flooding or excess moisture, as it says here. He suggested that perhaps the department should look at creating, instead of an arbitrary 45 days—and we've heard from the officials here today that it is a very arbitrary 45-day deadline that they are going to be renegotiating with the provinces so that these kinds of issues get dealt with.

I do notice that your recommendation in paragraph 8.44 says that, “Agriculture and Agri-Food Canada should assess risk for each AgriRecovery initiative and streamline its administrative effort for smaller, lower-value initiatives.”

Are you saying, very similar to what Mr. Hayes suggested, that perhaps there should be a different risk assessment and perhaps a different time period for these more complicated matters so that it's based more on a situation? Is that what the recommendation is saying?



**Mr. Michael Ferguson:** We've recommended a few things. One thing we recommended was that they do the analysis to understand why they are missing the timelines in certain cases. Based on the understanding of why timelines are missed, you can then determine how to structure the program. It could be based on value of payment, possibly, it could be based on the reason or the underlying event.

I think, though, the other thing to keep in mind is that the program is there to provide quick, targeted assistance to producers to facilitate their return to work. It needs to be taking into account not only how long it takes to process something, but also it needs to very much be based on when the producers need to receive the payment.

• (1700)

**Mr. Dan Albas:** Mr. Chair, forgive me. I forgot to say I was going to keep my comments brief and just pass it to Mr. Hayes—but, to me, I think that in this matter, we'd probably see a lot less issue with that 45 days because it does seem to me rather arbitrary. I hope officials take note and can find a more workable assessment period.

If you don't mind, Mr. Chair, I'm giving Mr. Hayes my time.

**The Chair:** No. Very good. Mr. Hayes has the floor.

**Mr. Bryan Hayes:** Thank you, Mr. Chair.

During the course of this audit, \$54 million was paid out for 28 events. Do we have any data on how many producers actually went out of business as a direct result of a payment that did not meet the targeted payment deadline under AgriRecovery?

**Mr. Michael Ferguson:** We certainly wouldn't have that. I don't know whether the department would have any information about producers.

**Mr. Bryan Hayes:** I'll ask that question to the department officials.

**Mr. Rosser Lloyd:** We have no data. We have no indication that any such situation exists.

**Mr. Bryan Hayes:** I'll go back to payments for a second.

Who coordinates the payment? It's a 60-40 split between the feds and the province, so I'll put this to the officials: who coordinates the ultimate handover of the cheque? Is it a 60-40 two-cheque handover? Is it a one-cheque handover? Does it occur at the same time?

**Mr. Rosser Lloyd:** In the vast majority of situations, it's the provinces that deliver the funding. They tend to rely on their AgriInsurance, their production insurance staff, to make those payments.

**Mr. Bryan Hayes:** So you reimburse the province, do you?

**Mr. Rosser Lloyd:** That's correct.

**Mr. Bryan Hayes:** OK. I see. I have one more question.

I want to talk a little bit about the assessment process. How difficult is it to determine under the assessment process if criteria are met? Of those people that apply under the assessment process, how many actually get approved for the assessment process? Or is it a really difficult process to get approved for?

**Ms. Tina Namiesniowski:** I can start on that.

I think I referred to it earlier, Mr. Chairman. There is a two-step assessment process. It's triggered—that was the word I was looking

for before—either by the federal government or by the provincial government, but most normally by another jurisdiction.

The first step in the assessment process is a preliminary assessment, and there are specific criteria that are looked at. One is that the disaster event isn't a recurring event. One is that the disaster event is an abnormal event and therefore is something that producers could not have foreseen and prepared for. The third is that the disaster would result in extraordinary costs to producers, which are costs that they would not normally incur resulting from actions they must take in order to mitigate the impacts and/or resume production as quickly as possible. In terms of that preliminary assessment, those three criteria must be met to trigger a formal assessment.

In terms of the criteria that are looked at from a formal assessment point of view, it's that the incident would be a collective experience affecting a large enough number of producers in a region such that it has an impact on the sector in that region; that it results in significant negative impacts on affected producers and their capacity to produce or market agricultural products; and that it results in significant extraordinary costs. Again, those are defined as costs that would have a substantial impact on producer's income and are large enough that it makes sense for governments to help with those costs, and that it be beyond a producer's capacity to manage even with the assistance available through existing programs.

That last point is what we've been trying to underscore: that we really attempt to use the other business risk management programs, and if they're not sufficient, that's typically when you would have an AgriRecovery initiative approved by governments.

**The Chair:** Very good.

I'm sorry, but the time has expired.

That also concludes our normal rotation. Unless there are any further interventions, I will thank our guests very much for being—

• (1705)

[*Translation*]

**Mr. Alain Giguère:** Can we not ask other questions? We have many questions. I assume that my colleagues would also like to ask questions.

[*English*]

**The Chair:** Well, there might be a little time, if the committee wants it. There is some business that I do need to make sure of, that I need to put in front of the committee because it's timely, but there's probably a little time.

I'm in the hands of the committee.

Mr. Albas.

**Mr. Dan Albas:** Thank you very much, Mr. Chair.

We did have a prior discussion about this and you indicated that there are some timely issues that we have to take care of. All sides have had a full round, and I think you've thanked our witnesses for the testimony today. I don't think there are any further questions. I think we do have some business to contend with because we have a number of reports.

**The Chair:** Okay. Good.

All right. Hearing that there's majority agreement, we will conclude.

As I began to say, I thank you very much for your attendance today. We appreciate the fulsome answers. When there are problems, I say so, but there weren't, and it's very much appreciated.

To you, Auditor General, again, our thanks for the work you do and for the excellent work on this chapter.

All of you are excused. The formal part of our hearing has now expired.

I'm looking for Mr. Albas for a motion to go in camera for committee business?

**Mr. Dan Albas:** Thank you, Mr. Chair. I so move.

**The Chair:** Very well. There's no debate on that.

Can I get a little quiet in here, please? We're about to go in camera, so if you could clear the room quickly, that would be helpful.

There being no debate, all in favour of the motion?

(Motion agreed to)

**The Chair:** We stand suspended for two minutes while we fix the technology to go in camera to discuss committee business.

*[Proceedings continue in camera]*

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