



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 027 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, October 27, 2016

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Chair

Mr. Pat Finnigan

Standing Committee on Agriculture and Agri-Food

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• (0850)

[English]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Welcome, everyone. Thank you for being here this morning.

With us this morning we have the Canadian Canola Growers Association, with Mr. Brett Halstead, president, and Ms. Catherine Scovil, director of government relations, and the Canola Council of Canada, with Patti Miller, president. I think we're also connected via videoconference with Mr. Casey Vander Ploeg.

Can you hear us, Mr. Vander Ploeg?

Mr. Casey Vander Ploeg (Manager, Policy and Research, National Cattle Feeders' Association): Yes, I can.

The Chair: Okay. We'll start with the Canadian Canola Growers Association and Mr. Brett Halstead for a 10-minute opening statement.

Mr. Brett Halstead (President, Canadian Canola Growers Association): Thank you, Mr. Chair.

Good morning. Thank you for the invitation to appear before the Standing Committee on Agriculture and Agri-Food on this critical piece of agricultural policy.

The next agricultural policy framework sets the direction for agriculture policy, starting in March of 2018. This framework is important for farmers, who face challenges to manage evolving pest pressures and unpredictable weather patterns while continually providing high-quality safe food to Canadians and global customers.

My name is Brett Halstead. I am the president of the Canadian Canola Growers Association. I farm near Nokomis, Saskatchewan, about an hour and a half north of Regina, where I'm lucky enough to have three generations working and farming together. We grow grains and oilseeds and manage a beef cattle herd.

The CCGA is the national association of canola farmers, representing 43,000 growers from Ontario to B.C. on national and international issues, policies, and programs that affect their profitability. The CCGA is also the administrator of the cash advance payments program.

Canola is a major crop, generating nearly \$8 billion in farm cash receipts in 2015. It's a major contributor to the Canadian economy, providing \$19.3 billion in economic benefits and employing a quarter of a million people. The next agricultural policy framework will play an important role in our sector.

Today I'd like to focus on four priority areas. These are farm income safety nets or business risk management programs; science and innovation; environmental sustainability and climate change; and markets and trade. These areas have the greatest impact on farmers directly.

A fundamental pillar of the framework is the suite of business risk management programs. They provide important risk management tools for overcoming production challenges and market volatility. While farmers look first to the markets for their returns, there are many risks that are simply beyond their control, such as floods, weather variability, and market collapses.

As an illustration, today, farmers in central and northern Alberta and Saskatchewan are currently struggling to harvest their 2016 crop due to a wet fall and an early snowfall. This year was expected to be a record harvest, but nearly 4 million tonnes of canola are still on the ground, and that's over 20% of our projected harvest. Predictable, flexible business risk management programs provide the backstop to help farmers manage unforeseen losses.

As the next framework takes shape, it is essential that funding for BRM programs not be eroded at the expense of other framework priorities. If farmers are not able to remain in business and manage their risks, little else will matter. That is why we see funding for BRM programs as fundamental in the next policy framework.

Looking at the current programs specifically, farmers are generally satisfied with AgriInsurance and AgriInvest. These programs are well understood, easy to use and predictable. Participation rates in AgriInsurance are acceptable and reflect the fact that farmers see value in protecting against production losses. The program is predictable and well understood, with a simple application and trigger to it. It could have some improved yield and pricing information that would keep up with market trends, but in general it's good.

AgriInvest provides farmers with an opportunity to build funds and use those dollars when and where they see fit on the farm. This could help in low-return years as bridge funding where cash flow is tight between harvests.

That brings me to AgriStability. Of the core programs, it is AgriStability that is the most concerning. Changes made to AgriStability under Growing Forward 2 significantly reduced coverage to producers. This, coupled with a lack of predictability and a complex application form, has led to declining participation rates. As of 2013, only 36% of farmers saw enough value in this program, and that's dropped since then. That includes me; I have stepped out of the program. Low participation levels are the result, and many farmers may be exposed to market risks not covered by AgriInsurance.

Simply returning the program to previous levels may not be enough to address all these concerns. For that reason, CCGA recommends that a national safety net, a national committee of associations, be established to further explore the effectiveness of the current suite of programs and make recommendations on how to refine them in the next agricultural policy framework.

Beyond BRM programming, investment in research is also critical to helping farmers manage many of the risks they face on their farms. Long-term production risks, new insect populations, disease or weed species, or climate change can be managed through investment in research that helps farmers become more adaptable and resilient.

Since its development in the seventies, canola has grown to become the largest field crop in western Canada. Research and innovation was and continues to be a key driving force in that success. It ensures that canola farmers remain competitive in the global oilseed market and have the tools to respond to agronomic pressures and the challenges of production practices. To that end, the AgriInnovation program is working well. The research cluster approach brings the canola value chain together, ensures priorities are set collaboratively, and makes sure public funding is targeted to areas that matter most.

CCGA supports the continuation of this program post-March 2018. A seamless transition among the policy frameworks is important in ensuring the time invested and the research momentum are not lost.

Climate change presents a new and evolving risk. Weather events have become increasingly extreme and unpredictable in recent years. Changing weather patterns offer new opportunities to farmers. At the same time, unpredictable weather can ruin a crop. While our industry is investing in ways to address climate change and farmers are making changes to their practices, more research and assistance are required in this area.

Research into new agronomic and sustainable practices specific to soil types in ecozones will assist in making crops more resilient to weather events and farming practices more sustainable overall.

The government's recent announcement of a carbon-pricing policy will have an impact on farmers, and this should be considered in the design of the next agricultural policy framework. It presents both challenges and opportunities. On the opportunities side, Canadian farmers have already made significant gains in reducing their greenhouse gas emissions through low- and no-till systems. As a result, canola farmers play an important role in sequestering carbon

in the soil, and this needs to be recognized in any system that's implemented.

Pricing carbon has the potential to significantly increase the costs of production for farmers, thereby reducing our global competitiveness. Depending on the design and implementation of a carbon tax, it would increase the price of farmers' largest inputs, such as fuel and fertilizer. It could also impact the cost of rail transportation and the cost structure of processing plants, both of which would result in additional costs being downloaded to farmers.

Farmers cannot pass along any of these increased costs, as they are price-takers in a global market. This is of particular concern given that canola is an export-dependent crop and we must compete with farmers who operate their business in an environment that will not have these additional costs. Consideration for how the government can help to ensure farmers remain competitive should be included in the next framework.

There is still work to be done to fully understand the impact that carbon-pricing policies will have on farmers in particular, as some jurisdictions do not have defined policies yet. Researching new best practices and investing in new environmental technology areas are where the next framework can focus. Farmers have a history of rapidly adapting to new technologies that have proven to soften their environmental footprint while protecting their profitability, and they will continue to do so as new technologies and new practices are discovered. Government can help speed up this process by investing in research that will identify these technologies.

● (0855)

Last, 90% of Canadian canola production is exported to over 50 countries. In 2015, exports of seed, oil, and meal generated \$8.9 billion in sales. Continued access to existing markets and expansion of new market opportunities are critical priorities for canola farmers. The AgriMarketing program has been invaluable in helping the canola industry develop and implement strong marketing and promotion programs in priority regions. Growing Forward 2 funding also supports the market access secretariat. The secretariat provides an important service in resolving trade barriers as they arise and in promoting global solutions to prevent barriers—

● (0900)

The Chair: Quickly, please, Mr. Halstead. We're past the 10 minutes.

You can do the conclusion. Thank you.

Mr. Brett Halstead: In conclusion, Canadian canola growers are very optimistic about the future of Canadian canola farmers and our ability to continue to contribute positively to the Canadian economy. Canadian agriculture should be viewed as a strategic investment for future growth.

The next APF has an important role to play in facilitating this by providing farmers with effective risk management tools and investing in research and innovation that will help farmers be resilient and globally competitive, while at the same time being on the leading edge of adopting environmentally and economically sustainable practices.

Thank you for the opportunity to appear here today to discuss the priorities of canola farmers. We look forward to continued engagement on this critical piece of agriculture policy.

The Chair: Thank you, Mr. Halstead.

Ms. Miller, please, for 10 minutes. Thank you.

Ms. Patti Miller (President, Canola Council of Canada): Good morning, everyone, and thanks very much for the opportunity to share our recommendations around the agricultural policy framework.

I'd like to take just a second to talk about who the Canola Council is. We are a value chain organization. We represent Canadian canola producers through organizations such as the one Mr. Halstead represents, as well as the crop input suppliers and seed developers, the processors that crush canola into oil and meal, and the exporters who bring canola seed to our customers around the world.

Our industry has a plan to meet the world's growing appetite for healthier oils and protein. The plan is called "Keep it Coming 2025". It's unique in the agriculture industry in that we have the entire value chain working together to have a strategic plan that's very specific and very measurable, similar to what companies do.

Our goal is to meet the growing demand for healthy oil and proteins through increased sustainable production and yield improvement in achieving 26 million metric tons by 2025. Just to give you a comparison, when we set out this plan, agriculture was producing around 15 million metric tons.

While our industry is working hard on achieving these goals, the government really has a key role to play. The agricultural policy framework is the cornerstone of how the Government of Canada facilitates growth and profitability in our sector.

I'd like to focus my comments around two recommendations, both of which have been touched on by Mr. Halstead, but maybe we'll go into a little more detail and give you some specific examples. The first is the need to continue the key priorities of Growing Forward 2 that are facilitating growth and prosperity. The second is to make sure that we're adequately funding both the existing priorities and the new priorities that the government is considering.

Our first recommendation is that the new policy framework continue the valuable programs supporting research, market development, and market access. I'd like to share with the committee how these priorities are driving innovation in our sector, as well as growth and profitability.

Let's look at innovation and research. These are two things that really define the story of canola.

Canola was developed in Canada from federally funded research in the 1970s. Since then, the private sector has picked up the ball in variety development and joint investment in research that has helped producers significantly improve their yields, increase their profitability, and reduce production risk from pests and other stressors, all while increasing the sustainability of the crop. Industry and government investment has also uncovered valuable properties of canola products that have increased market demand. Those properties are key to our market development programs globally.

The agri-science cluster is an example of a program in Growing Forward 2 that supports innovation and really creates tangible results. Through the cluster program, government support encourages industry investment through the Canola Council in agronomy research, which supports the entire production base, as well as research on the nutritional benefits of canola oil and meal.

For example, research projects focusing on pest and disease management are looking at how to prevent canola from being destroyed by insects. Without proper management, insects can destroy a field in a matter of hours. We're also funding research on how we can better manage problem insects with other beneficial insects, and it's showing us how beneficial insects can really help in managing the pests and the production challenges.

In addition to enabling valuable research, the cluster program has also helped us share research results through the canola research hub, so that farmers and agronomists can make better management decisions. It's really putting that leading-edge technology within immediate access of the canola industry. The cluster program has created knowledge and put it in the hands of farmers so they can improve their decision-making, and it's an idea that's being picked up by many other crop sectors.

The canola industry as a whole has benefited from a more stable, resilient, sustainable, and productive crop. Canada has benefited by encouraging the industry investment in priority research that has improved our productivity.

It's not just about growing the crops, though; it's also about getting the most value for them in the international market. I did touch on that before in terms of the investment that is uncovering the nutritional and feed properties of our product.

● (0905)

More than 90% of our crop is exported as seed, oil, or meal. This was worth more than \$8.9 billion last year, more than three times the value of a decade ago. Our exports are bringing value from international markets to drive growth here in Canada.

In order for industry to thrive and to create more wealth and opportunity, we need to stay competitive with other exporting countries. This requires a stable and open trading environment, with opportunities to showcase the value of canola. Federal leadership to improve market access, both through the programs and through the market access secretariat, which Mr. Halstead referenced, is essential for continued competitiveness.

Through the AgriMarketing program of Growing Forward 2, government support encourages industry investment to improve our access to international markets and to develop markets with potential growth. Under this program, our market development efforts have increased awareness of the value of canola oil and meal in our target markets. We have established a canola oil promotion program in China and Korea that has helped to increase our exports to these markets by \$850 million per year over the last five years. It's helped us do things such as bringing food writers and chefs from China and the U.S. to prairie canola fields to show them where the canola comes from and to connect them with our crop.

On the market access side, the AgriMarketing program has helped us maintain and grow our access to international markets such as China. Nobody has heard about any issues we've had with China lately, I'm sure. Just recently, government and industry efforts achieved stable access for canola seed to China until 2020, and that's a \$2-billion-a-year market. The AgriMarketing program helped us do things such as host Chinese regulators on incoming missions, fund the research work that drove the results of that agreement, and work on the ground in Beijing towards a solution. The success we achieved by getting stable, science-based canola trade with China shows the importance of that program continuing.

Our success with China is also a testament to the Government of Canada's commitment to science-based rules of trade. The Prime Minister, the trade minister, and the agriculture minister were all important in achieving this success.

Support for resolving market access issues must continue, including adequate resources for the market access secretariat of Agriculture Canada and other government departments, such as the Canadian Food Inspection Agency, that support our international trade efforts. Again, that was a key department in helping us through this recent effort with China. As we look forward to the next policy framework, there's an opportunity to continue the valuable Growing Forward 2 programs supporting research, market development, and market access.

New priorities for the policy framework have also emerged, such as increased attention to value-added processing, as well as the environment and climate change. Our second recommendation is to ensure adequate funding for both the existing priorities and new priorities.

Let's look at value-added processing. The canola sector has shown incredible growth in value-added. Over the last decade, the industry has invested more than \$1.3 billion in processing plants—either expansions or new builds—increasing the amount of canola processed in Canada by 150%. While there are opportunities for the framework to facilitate research and innovation that helps processors stay competitive and create jobs in Canada, additional

priorities really shouldn't take away resources from the current programs that are having such a positive effect.

In closing, canola shows how innovation can drive growth by meeting international demand. The federal government has a key role to play in the next agricultural policy framework by supporting the key priorities of research and innovation, market development, and market access. By ensuring adequate funding for both existing priorities and new priorities, the next ag policy framework will help the sector continue to create growth and opportunity.

Thanks very much.

• (0910)

The Chair: Thank you, Ms. Miller.

Mr. Vander Ploeg, please tell us your story.

Mr. Casey Vander Ploeg: Thank you very much.

Good morning. I'm Casey Vander Ploeg, and I serve as the manager of policy and research with the National Cattle Feeders' Association. I thank the committee for this opportunity to share our perspective on the new agricultural policy framework.

The NCFCA was established in 2007. We serve as the national voice of Canada's cattle feeders. Our activities as an organization are focused on three pillars: growth and sustainability, competitiveness, and industry leadership.

Canada currently has about 10 million head of beef cattle, with 7 million of those on cow-calf operations and 3 million on cattle-feeding operations. In 2015, almost 3 million head of cattle in Canada were processed into beef, and over \$4 billion's worth of that beef was exported. The cattle industry contributes about \$33 billion annually to the Canadian economy. Dollar for dollar, or pound for pound, beef is perhaps Canada's most valuable agricultural commodity.

With that short background, I would like to focus on two points this morning.

First, I would like to underscore the enormous potential—no, the tremendous potential—that agriculture can have in the Canada of tomorrow. Canada is one of only a handful of nations that are net exporters of food, and our importance as a global breadbasket will only grow. The new agricultural policy framework presents a real opportunity to create a broad, ambitious, and creative vision for agriculture in Canada. I would urge you to see the framework as more than a series of funding programs for specific activities and to consider how the framework can serve as a bold statement and a guiding vision for the future of Canadian agriculture.

Canada has all the ingredients to become an agriculture superpower, and when it comes to beef, we have all of those ingredients in spades. We have a large land base; vast natural grasslands; superior herd genetics; a good supply of feed grains; industry infrastructure; know-how and modern production technologies; a suitable climate; and, an internationally recognized food safety system.

The new framework should set an ambitious goal for Canadian agriculture. Perhaps it would be growing agriculture from its current \$100 billion and 7% of GDP to \$200 billion and 15% of GDP, or perhaps it would be growing our exports from \$60 billion to \$100 billion. Ambitious goals, we believe, demonstrate commitment, and such commitment can in turn affirm, validate, energize, and invigorate industry.

Second, I would like to briefly comment on each of the priority areas outlined in the Calgary statement.

Number one is markets and trade. The beef industry certainly supports government efforts to open new export markets. The current industry model has us supplying our own domestic market and then serving as a low-cost supplier into the U.S. market. Going forward, our aim should be to ship high-quality cuts of beef to sophisticated offshore markets where we can command a premium price. This is what will grow Canada's beef industry. Agricultural policy framework funds need to be directed toward ensuring supportive regulations and other policies so trade deals not only can be negotiated but implemented.

Number two is value-added processing. The single biggest challenge facing agriculture today is a lack of labour, particularly in processing facilities. There are over 1,000 vacancies in meat plants across Canada today, and many of those plants are operating at only 70% efficiency. We cannot stay competitive—never mind grow our market share—without the requisite labour. A key area for investment, then, is expanding the labour pool for agriculture by supporting things like the Canadian Agricultural Human Resource Council's workforce action plan. That plan was created and is currently supported by 75 agriculture and commodity organizations across Canada and contains a roadmap to address our industry's critical labour shortages.

● (0915)

Number three is research and innovation. To pursue growth and sustainability, we need continued investment in research. NCFCA supports the beef science cluster and believes that government should renew funding under the new framework. The timing could not be better, as the Beef Cattle Research Council is currently developing its next five-year research strategy. Growing the Canadian beef herd requires investment to increase efficiency, maximize production, enhance environmental stewardship, and conduct research into forage quality, feed additives, animal genetics, and animal health.

Number four is environmental sustainability. Environmental enhancement remains a key consideration for agriculture producers. There is perhaps no industry that has made more efficiency and productivity gains than agriculture. When new policies such as carbon taxes are being discussed, it is important that this be recognized. Since 1981 the beef industry has reduced its GHG

emissions by 15% through advancements in technology and management. In 1950 it took 11 pounds of feed and 44 gallons of water to produce one pound of beef. Today it takes six pounds of feed and eight gallons of water. If we were to produce beef today as we did in 1950, we would need another 45 million acres of land to do it. Funding the sector to adapt to a changing regulatory landscape would be an investment that leverages the considerable drive for efficiency that already exists within the sector.

Number five is risk management. The beef industry has certainly seen its fair share of risk over the past two years, with wild swings in prices for feeder cattle and fed cattle. At no time in recent history have prices risen so fast and so far, only to drop so precipitously and painfully. The average annual loss across the cattle feeding sector is currently running between \$500 and \$600 per head. Risk management is huge, and that is why the Alberta Cattle Feeders' Association started a new agriculture business risk management program at Lethbridge College. It's also why they developed last year, with municipal and provincial governments, a feedlot emergency preparedness plan.

In such times we do need to ensure that all programs are working for producers, including AgriStability, AgriInvest, and AgriInsurance. A key program for cattle feeders is the western livestock price insurance program. This has been a challenge for us given that so many fed cattle today trade on contract, making price discovery a real issue. Our organization is actively engaged to strengthen price discovery and reporting, recognizing that for beef the risks have never been higher.

Finally, there is public trust. Most Canadians are now three, four, or even five generations removed from the farm. While they are interested in knowing how their food is produced, there's a lot of misunderstanding today about agriculture. The extent to which any business can properly function and generate economic benefits for society depends on its social licence to operate. Such broad social acceptability and local community approval must be earned and maintained through ethical and responsible behaviour, transparency, accountability, and meaningful dialogue. Continued funding of such initiatives as NCFCA's Canadian feedlot animal care assessment tool and the funding of new and emerging opportunities like the new Canadian Centre for Food Integrity are essential for agriculture to demonstrate our ethical and social commitments and to strengthen the public's trust.

In conclusion, we believe that the challenge of the new agricultural policy framework is to take these six priorities and weld them together into a broad, ambitious, and creative vision for Canadian agriculture, a vision that goes beyond the sum total of its six parts and reaches beyond for something bigger.

Thank you.

The Chair: Thank you very much, Mr. Vander Ploeg.

We will begin our questioning. Perhaps I could ask everyone to identify who they'd like the question to go to, as we have video conferencing.

• (0920)

[Translation]

Mr. Gourde, you have six minutes.

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

Thank you to the witnesses for being here this morning. Thank you for sharing with us success stories in the canola and beef industries over the past three decades.

I would like you to list, fairly quickly, the strengths and weaknesses of Growing Forward 2. You can spend a little longer talking about the weaknesses and ways the program could be improved, both in the canola and beef sectors.

[English]

Ms. Patti Miller: I can go first. We did touch on some of the strengths in terms of the programs where we would like to see continued investment: the agri-science cluster, support for trade and market access, and market development. Those are really critical areas to maintain the competitiveness of our industry around the globe.

In terms of weaknesses, I think it's always a challenge for the government, which has many competing programs, to come to decisions quickly and to move through that process of supporting industries in a very timely manner. I think that's perhaps as much of a challenge to the popularity and the success of the programs as anything else, because you have a large number of commodities and organizations competing for scarce resources.

I think it's important to remember that agriculture is a high-tech industry. We are a growth industry. People tend to look at agriculture as that historic nice farmer in the field with a pitchfork, but we really are competitive and high tech. Continuing the support in those areas is going to be critical for us.

Mr. Brett Halstead: In addition to what Patti has commented on, I'd like to focus on the business risk management portion a little more.

As I mentioned in my presentation, we're generally happy with AgriInvest and AgriInsurance. It's the AgriStability that farmers lack confidence in, and it is a potential downfall. There's an uninsured risk out there, and the risk of real damage. Farmers don't want to come hat in hand for an ad hoc program; they would like a stable, predictable program. I think that is what AgriStability was set up to be, but we've seen a consistent reduction in farmers' confidence in terms of using it.

We see a number of reasons for that. It's an insurance program that you pay into, and I don't think that's the end of the world, but it's very difficult to administer. You have to go to an accountant to get the forms done to actually apply for it—that's in addition to your premium—and farmers have seen a lack of predictability in that.

I know the comment has been made in the past that you don't buy house insurance expecting your house to burn down, but if it does burn down, you do expect the payment out of it. That's the way that a lot of farmers have begun to feel about AgriStability: that you're paying for an insurance that's probably never going to trigger. Plus, it's expensive to administer.

The Chair: Mr. Vander Ploeg, would you like to comment?

Mr. Casey Vander Ploeg: From our perspective, a key strength of the ag policy framework is that it pulls together various initiatives, efforts, and activities under a framework. It's more than ad hoc programming. We think there's tremendous value there. It's also an excellent way for industry and government to partner together.

In our sector, one of the key things we've done in partnership with Growing Forward 2 is the development of this new Canadian feedlot animal care assessment tool. It's an industry protocol for animal welfare. It brings together components of the value chain, and it's not just the cattle feeders, but the beef processors as well.

The strength of this new protocol has been recognized internationally. It's now being used in the United States by 50 feedlot operations there that are in a branded beef program. There's a tremendous value as government and industry partner together to address things like public trust and animal welfare.

In terms of particular weaknesses, of course, federal investment in agriculture is only one component of government involvement. We have provincial investments occurring as well, and one thing I have noticed about Growing Forward 2 is simply the length of time it takes for some of the administrative issues that revolve around moving those investments into agriculture and getting them on the ground.

That's perhaps a continual challenge, but comparatively speaking, some have told me—and I've been around the discussions—that interacting with the program and moving the money is perhaps more difficult under Growing Forward 2. Whatever we can do to smooth out that administrivia within the program would be beneficial.

• (0925)

[Translation]

The Chair: You have 20 seconds left, Mr. Gourde.

Mr. Jacques Gourde: No, it's okay.

The Chair: Very good.

Thank you, Mr. Gourde.

[English]

Thank you, Mr. Vander Ploeg.

We will now go to Mrs. Lockhart for six minutes.

Mrs. Alaina Lockhart (Fundy Royal, Lib.): Thank you.

First of all, I'd like to commend you all for bringing us such positive testimony today. It's very exciting for this committee to hear how confident the agriculture industry is about its products and about our potential in the world. I think that's great. Thank you very much.

Mr. Vander Ploeg, I was really interested to hear you speak about the export to the U.S. of quality cuts of meat at higher prices versus at low cost.

I've just returned from a trip to Taiwan. I spoke to a beef retailer who talked about the quality of Canadian beef and the potential for more exports to Taiwan. Right now, we make up only 1% of Taiwan's beef imports.

How can the APF help increase our market share in some of these offshore markets with this idea in mind of exporting high-quality cuts?

Mr. Casey Vander Ploeg: That's a very good question, and it's an idea that's definitely top of mind within the industry.

Your comments on China are bang on, quite frankly. I know of one cattle feeder in southern Alberta who has business partners in China. They're working to develop a new branded beef product based on Canadian Angus characteristics for high-end retail and high-end restaurants in China. Their goal, short term, is to ship from up to 10,000 head of beef annually into that market. That's just to start. The medium- to long-term goal is anywhere from 30,000 to 50,000 head annually.

The demand is certainly there; there's simply no question about that. The bigger issue is that it's difficult to supply. A number of things have to come into line. On our end, the beef value chain needs to align to prepare product for those markets. For example, some export markets do not like implants to be used. Certain production technologies are not allowed, so from the calf all the way up to processing there need to be systems of verification in play. The entire beef value chain needs to line up. That's an industry challenge for us, particularly when the country's biggest processors are essentially designed around the model of volume production. Processing capacity for these export markets and actually providing a specific product is a bit of a challenge.

On the processing side, another challenge is approval of various things in the logistics of it such as, for example, cold storage and those sorts of things. Those are all things that we need to do on our end. Investments in terms of expanding processing capacity and helping industry to align itself and produce these products are necessary.

Also, I think we need to do a lot more work on technical issues, the really detailed stuff around our regulations, to facilitate that trade. That's important as well.

Again, a lot of this also lands on the particular market we're exporting to. Sometimes there need to be changes there as well. There's a political dimension to it as well.

• (0930)

Mrs. Alaina Lockhart: Very good.

I'm aware that the cattle industry has taken many steps already to reduce greenhouse emissions. I wonder if you could talk about some of the measures you've taken already and talk about other ways the APF could support further measures or where there might be opportunities.

Mr. Casey Vander Ploeg: Here, I think, research is critical, as is adaptation and adoption of that new research by the industry. We were fascinated to find out about a research program under way at the Lethbridge agricultural research station, where they're working to develop a particular feed additive that would significantly reduce emissions of methane from cattle. When it comes to GHG emissions, of course, we spend a lot of time talking about carbon and carbon dioxide, but here are other gases as well, and methane is certainly one of those.

The research is ongoing. Now, the question becomes, is it effective? If it is effective, then does it make economic sense for producers to adopt that new technology? A lot of work is already taking place in that area. Of course, the Beef Cattle Research Council, which is the industry's largest research organization, is currently setting its next five-year strategic plan. I'm sure that such issues on the environmental front would be a key part of that as well.

Continued support of industry research and partnering with industry to make advancements in this area are critical.

The Chair: Thank you, Mr. Vander Ploeg.

Thank you, Mrs. Lockhart.

[*Translation*]

I would like to welcome Mr. Dusseault, who is stepping in for Ms. Brosseau.

You have six minutes.

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

It's a pleasure to be here. I'd like to thank the witnesses here today.

My first question is for Mr. Halstead and Ms. Miller. It pertains to the AgriStability program. You made your problems with the program quite clear, especially as regards predictability and accessibility, both of which seem to give you trouble.

Can you suggest any solutions to us? Can you also tell us what you would like to see in the next program? If indeed improvements were made, what would you want them to be? Now that we are familiar with the problems, I would be happy to hear solutions that would make the program better.

[*English*]

Mr. Brett Halstead: I'll go first.

We don't necessarily have a solution. There's a lot of talk in the industry about returning to the 85%. We're also currently working with other farm groups to come up with a common suggestion or policy. That's why we suggested that maybe a national committee of associations get together and work on this. More groups than just the grain industry, though, are going to want input into this solution.

As I mentioned earlier, right now the program is speaking for itself in the fact the farmers have lost confidence in it. We do need to do something better than where it's at now. We don't have a specific solution, but the 85%, returning to that trigger, has been discussed.

Ms. Patti Miller: Farm income programs are not something that my organization is involved in. If your question is specific to that, I wouldn't have anything to add.

[Translation]

Mr. Pierre-Luc Dusseault: My next question is about the sector's resilience vis-à-vis climate change and its ability to adapt to that new reality. We know the government has signed an international agreement to reduce its greenhouse gas emissions. That agreement sets out very specific targets that must be met.

What assistance do you expect from the government so that you can contribute to the reduction of greenhouse gases? Now that the government has signed the agreement, we expect it to introduce a plan that mobilizes all greenhouse-gas-producing sectors. How do you expect the government to assist you in contributing to the reduction effort?

Mr. Halstead can go first, followed by Ms. Miller, and then Mr. Vander Ploeg.

● (0935)

[English]

Ms. Patti Miller: Reducing greenhouse gas emissions is really important to the canola industry.

One of the things I'd like to mention is that canola is the only Canadian crop certified under the international sustainability and carbon certification program, and we have been for a number of years. Greenhouse gas emissions per tonne of canola have fallen 65% from 1986 to 2006. It's an area that our industry has paid a lot of attention to for a number of years.

Innovation is really going to be important to improve sustainability and to adapt to climate change. Our experience in this industry around biotechnology has really shown us what kind of a return on investment you can make in tackling some problems like this. Since biotechnology was introduced into the canola industry, 86% of farmers have seen a reduction in soil erosion. Carbon dioxide emissions have been reduced by a billion kilograms, and that's the equivalent of taking half a million cars off the road. We've reduced our environmental footprint at the same time that we've increased yields and improved profitability.

We look at this as another opportunity. In terms of your question on what the government can do, I think it's important for us to continue investing in innovation, to continue investing in understanding the impact of agriculture, and, where we can, to not only improve our environmental footprint but to do that profitably.

[Translation]

Mr. Pierre-Luc Dusseault: Mr. Vander Ploeg, your turn.

[English]

Mr. Casey Vander Ploeg: The whole issue of the environment and carbon, of course, is a significant concern for our sector. As was mentioned earlier this morning, in essence, producers are price-takers and, as such, it is very difficult for us to recoup or to pass on

any increased costs, such as taxes, as a result of production. Of course, that raises the larger issue of how we can participate in ongoing discussions and the development of new carbon strategies.

I would think, first of all, that the government should have a very strong interest in ensuring that the agricultural industry can manage and also adopt technologies and should support changing practices that could help improve our outcomes. I'm thinking here of a recent announcement in Alberta, where the province has said that it is starting a new program, with tens of millions of dollars were being provided to the provincial farm community to increase on-farm fuel efficiency and energy efficiencies. That's important.

I do think that we need to take a very good look at this and ensure that specific exemptions are made. Under the new provincial carbon tax policy, I know that farm fuels—diesel and gasoline—are exempt. I think another part of the deal, too, is to look not just at the emissions side of the question, but also at sequestration. It was mentioned earlier this morning that carbon was being kept in the soil as a result of agricultural activity—

The Chair: Thank you, Mr. Vander Ploeg.

Mr. Casey Vander Ploeg:—so we should be looking at the other side of the equation too.

The Chair: We'll now move on to Monsieur Breton.

[Translation]

Mr. Breton, you have six minutes. You may go ahead.

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

I'd like to thank the witnesses for joining us today.

I would especially like to thank you for the high quality of your presentations and all the insight you have given us.

It pleases me to hear all three of you highlight the tremendous importance of innovation and research and development in your respective sectors.

As everyone knows, in the coming years, the Canadian population will experience significant growth, as will the global population, more importantly.

You talked about exports. Inevitably, then, we have to talk about increasing productivity. That means figuring out how you can increase your output to meet demand, not just here, in Canada, but also around the world, given that you export 90% of your products.

How can the Government of Canada better support you in your research and development and innovation efforts?

All three of you raised this important issue, so you can each have a turn answering.

● (0940)

[English]

Ms. Patti Miller: It's a very good question and a very broad question. I'm not sure how to tackle it. As all three of us have talked about, investment in innovation is really key to growth in our sectors in agriculture. I have referred to agriculture in particular as a high-tech industry, and it truly is.

Globally, countries are putting more and more emphasis on food and feed safety. That requires understanding the products and their safety and how to manage that, so investment in that area is critical. We've all touched on that in terms of support in our efforts in international trade.

In the canola industry, we have started to develop an innovation strategy that really looks at where the critical areas are that require investment for future growth. We've talked about canola being born in innovation, and really, we're looking now at the next stage of our life as an industry. Where we need to invest in terms of public research institutions, university, and academia? More importantly, how do we work better together? We are a small country with limited resources. If we don't work effectively and collaboratively, if we don't have really good research networks, we will not be able to compete.

Mr. Brett Halstead: The Canadian Canola Growers Association is an active member of the Canola Council of Canada. That's where that work is done. To echo what Patti said, it's very important, and our innovation does bring us all together. In our provincial and national organizations, we work together. We develop those goals in conjunction with our partners in government and private industry. I like that collaborative approach.

Mr. Casey Vander Ploeg: Research and innovation in the beef industry are ongoing and will continue to take place. Industry certainly invests a lot of its own money in its own research, and we desire to partner with government as part of that too.

There are some specific challenges around agricultural research right now. One of the big ones is simply the number of agriculture graduates who are engaged in specific research activities. Those numbers have been declining in, for example, researchers available to conduct work in the area of forage research.

As for some of the top priorities, I think there will be increasing industry consensus around the top priority areas as the Beef Cattle Research Council develops its five-year plan. In our organization, we're currently working on identifying what the priorities are for cattle feeders as well.

We do have a certain sense of some of the areas that we need to continue looking at: forage quality, certainly; feed additives, certainly; improving animal genetics, which is very important in terms of being able to increase our production while lowering our environmental footprint, because certain genetics of animals simply are better able to produce pounds of beef; and then, of course, there are things like animal health. There is a wide range of areas on which research needs to continue, and the industry certainly looks forward to partnering with government to make sure those areas are properly funded going forward.

[Translation]

Mr. Pierre Breton: Do I still have a bit of time, Mr. Chair?

The Chair: You have between 20 and 25 seconds left.

Mr. Pierre Breton: My question is for you, Mr. Vander Ploeg. I'd appreciate it if you could answer quickly.

What you said about the labour shortage in the beef industry really caught my attention. How do you think the problem could be fixed? How could the government work with your important industry to

address the problem? Obviously, the lack of labour seriously limits output. Perhaps you can answer later. I believe the chair is about to cut me off.

• (0945)

The Chair: Thank you, Mr. Breton.

Mr. Drouin, you may go ahead for six minutes.

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

I, too, would like to thank the witnesses for being here today. Their participation is appreciated.

[English]

Casey, it's good to see you on TV. I'll follow up on Mr. Breton's question. I'll let you answer that question with regard to labour.

Mr. Casey Vander Ploeg: In 30 seconds or less, I think the government should be looking very closely at the recommendations contained in the workforce action plan of the Canadian Agricultural Human Resource Council. That workforce action plan has a set of recommendations for government and for industry to grow the labour pool for agriculture, and we think that in there lies a big part of the solution to this challenge. The report is available to the committee through CAHRC.

That's my 30 seconds.

Mr. Francis Drouin: Thanks.

You did mention that you were somewhat worried about climate change and the policies that are being put forward. The APF does mention... I know that in the Calgary statement one of the pillars is environment and climate change. I've heard your call for help in transitioning into that new economy.

What kind of help could we provide in terms of funding? Right now it's just one pillar, but for your industry, what kind of help would be useful for that in terms of the climate change and environment pillar? Would it be what's in the Calgary statement?

Mr. Casey Vander Ploeg: Broadly speaking, I guess, government's role is in terms of conducting research on new technologies that will reduce the carbon footprint. Secondly, it would be government funding and assistance for industry to adopt those new technologies that are available.

Aside from that more general description, I would hesitate to provide specifics at this point. Although certainly as a result of the conversation we're having this morning, I think I'm going to be sending out a survey to our members and saying, look, this policy area is now coming forward, so from your view on the ground, from your view in the field, what sorts of things should the government be doing to provide assistance as this rolls forward? I think that maybe then we can provide a more holistic answer to that question.

I will commit to doing that and then will follow up with a letter to you, Mr. Drouin.

Mr. Francis Drouin: That would be great.

Do you see different needs varying by province? For example, with Alberta beef farmers versus Ontario beef farmers, do you see different needs in terms of that transition into a more sustainable environment? I guess you'll know by the survey.

Mr. Casey Vander Ploeg: I'm not entirely sure. I know that in the cattle-feeding sector things are fairly consistent in terms of production. The only real difference is the type of feed grains being used, such as more corn in the east and more barley in the west, for example. I'm not sure how that would impact what we're talking about this morning.

Mr. Francis Drouin: For my canola folks here, I note that most of the growing is done in the west, but it is a growing market in Ontario. In eastern Ontario, some farmers have taken up growing canola.

Again, going back to just the environmental policies that are being put forward in the APF, what types of programs would you see that would help your farmers in the transition? I know that you already have a good story, but if we do need to take it to another level, what type of transition funding would you see?

Ms. Patti Miller: Some of the data that I talked about was really focused on the farm community. We have talked about needing to transition through some of the research in investment and innovation, but I think it's important to remember that we can't lose sight of the competitiveness of our industry. As my colleague has said, I think we need to do a little more homework in terms of the implications for our industry before we can come back with a really specific recommendation.

It's important to think about this fact for canola: in world trade terms, we're 5% of the world vegetable oil market, so whatever we do in Canada, we need to maintain that competitiveness. Certainly, improving our environmental footprint and the sustainability of how we grow this crop is going to help us differentiate ourselves in the market, but the margins are thin and the competition is hard, so we have to look at both of those in balance. That will be very important to us.

Mr. Francis Drouin: Do you want to add anything?

• (0950)

Mr. Brett Halstead: No.

Mr. Francis Drouin: Okay.

The Chair: Madam Scovil.

Ms. Catherine Scovil (Director of Government Relations, Canadian Canola Growers Association): I was just going to add to what Patti was saying. I think that at the farmer level they're absolutely prepared to adopt new technology to address climate change—it's good for them as well—but they also don't want to be put out of business. How do you find programs and policies that give incentives to adopt technologies in a way that protects that profitability? I think that's the challenge we're all facing: how do you do those two things together?

Mr. Francis Drouin: That's it.

Thank you.

The Chair: Thank you.

Mr. Lukiwski, you have six minutes.

Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC): Thank you very much.

In the spirit of complete transparency, I should let committee members know that Brett and I know each other well. Mr. Halstead and I have known each other for the last 12 years. He is a producer in my riding, and in spite of the fact that I've been his representative for 12 years, we're still on friendly terms.

Welcome to Ottawa once again, Brett.

I want to talk a bit about market access, trade and, more specifically, the TPP. I recall back when our government was negotiating the TPP that so many canola producers in my riding, producers like Brad Hanmer, Brett, who you obviously know very well, were constantly on me and saying that we had to get that deal signed. We signed the deal, but it hasn't been ratified yet.

For both Brett and Ms. Miller, what positive impact would the TPP have on your industry? Perhaps as important, what would happen if the TPP is not signed? What would the negative impact be?

Ms. Patti Miller: One of the very important aspects of the TPP for the canola industry was an agreement on the reduction of oil tariffs in Japan. Japan is one of our first customers for canola seed. We don't export any oil there. Our processing in Canada has grown significantly; Chinese consumers love canola. For us to be able to grow that market in our exports of oil would be a significant benefit to our industry. By not ratifying it when Australia already has an arrangement, day by day we lose the opportunity for that market.

The other aspects of TPP were discussions around terms on biotechnology. That's a very challenging subject in the international market. You have a strong group of people who pulled together and were making some progress on TPP, so again, that's another area that we really don't want to lose. The members that were in TPP represent a significant market opportunity for our industry.

Mr. Brett Halstead: Again, on a high level, we export over 90% of the canola we produce in our country, so it's very important. The TPP is not just about Japan. It's about potential new markets, about growing markets as well as keeping the markets we have, so any trade deals, but in particular the TPP, are critical to our industry.

Mr. Tom Lukiwski: Thanks very much.

I know that there have been those who oppose the TPP and point to the fact that the U.S. has still not ratified it, and they say that if the U.S. doesn't come on board the whole deal goes down the toilet. This reminds me of a great statement by the former NFL coach of the Green Bay Packers. The late Vince Lombardi, when asked how he won so many football games, said that you control the controllables. Well, we can't control what the U.S. does or what Australia does, even though we have a separate agreement. We can control what we do, so what is your message to the federal government on whether or not it should ratify the TPP?

The Chair: Mr. Lukiwski, is that in relation to the APF? Can you frame that?

● (0955)

Mr. Tom Lukiwski: In terms of the APF, in the presentation Ms. Miller made she talks about market access and trade and how important it is. I'm just following up on that, Mr. Chair.

Ms. Patti Miller: I'm not sure what more we can say other than to point out that 90% of our crop is exported, so trade is everything to us. Making sure that we follow through on agreements that have been reached is critical.

Mr. Tom Lukiwski: Mr. Vander Ploeg, what is your view on the TPP? What impact might it have on your industry?

Mr. Casey Vander Ploeg: The impact would be huge. It's already been mentioned that in the TPP, of course, access to Japan is perhaps the crown jewel there. We believe the long-term future of our industry in terms of its future growth and sustainability rests very heavily on access to offshore markets, and the TPP is a key part of that.

We know, of course, that Japan and the U.S. have a veto on that. If they decide not to approve it, the deal doesn't go through. If it doesn't go through, that would be a huge loss of potential for our industry. In case that happens, the federal government should then aggressively pursue a bilateral agreement with Japan and at least keep working on efforts going forward. In that region, incomes are growing, and their desire for more high-quality protein is there. We need to be positioned to provide that for them.

Mr. Tom Lukiwski: Thank you.

The Chair: Thank you.

Now we have Mr. Longfield.

Mr. Lloyd Longfield (Guelph, Lib.): Thanks, Mr. Chair.

The quality of presentations this morning is excellent. Thank you for this. It's going to help our report a lot.

I want to focus on innovation.

Mr. Vander Ploeg, you mentioned the Lethbridge cattle research centre. We have a similar centre in Elora that needs some upgrading. Through Lethbridge, do you work with the interprovincial research centres like the one in Ontario? How do you tie non-financial benefits, like research benefits, between the provinces?

Mr. Casey Vander Ploeg: We don't have a specific formal relationship with those research centres funded by Agriculture Canada, but through presentations and conversations that occur within industry, we most certainly have a strong relationship with the researchers doing the work there. Eighteen months ago, we took our entire board—I'm speaking about the Alberta Cattle Feeders board—to the Lethbridge research station. We took a tour through their on-site feedlot and saw what they were doing in terms of feed grains research, the methane reduction research and how that was being carried on, and all those sorts of things.

The idea, of course, is that then our board members are out within the industry and spreading the message to other producers. Typically, in terms of what happens, at least in the cattle-feeding sector, I once asked our members what their biggest concern was, and from a business point of view, they said there were things: conversion, conversion, and conversion. In other words, it was about taking that feed and converting it into beef and the rate at which that happens.

There's always a tremendous interest in the cattle-feeding sector in any innovation or technology that can improve efficiency and productivity gains, because that's where cattle feeders make their money.

Mr. Lloyd Longfield: Thank you.

At our research centre, I noticed a lot of equipment from the Netherlands and I was thinking, boy, Canadian equipment manufacturers should be all over this.

I want to pivot that over to you, Patti Miller. You were talking about working together and collaborating around oilseeds and getting value from them. There's a grower just north of my riding of Guelph, a young farmer, who's pressing the oilseeds, soy in this case, taking the oil as biofuel, using biofuel to run diesel, and taking the heat from the diesel to heat the barn. I think there are some plus opportunities on climate change when you look at carbon credits and what could be done interprovincially.

Could you speak to how we could be investing in innovations like that? The use of lidar is another one for soil management. Have you been seeing lidar being used within your network?

Ms. Patti Miller: I can't comment on lidar, but maybe Brett can.

Certainly, the canola industry has been involved in biofuel and has promoted biofuel for many, many years. I referenced the international certification that we got many years ago. That was to access the EU biodiesel market. We've gone through another process to access the U.S. and get biofuel down there.

This area has been of critical importance to us in terms of investing not only in the science, but also in the regulations required to get access to those markets. There are a lot of innovative things that have been done and are being done on the farm.

Brett or Catherine, do you want to add any comments?

● (1000)

Ms. Catherine Scovil: Yes, since we're talking about biodiesel. It's certainly one of the solutions that we would like to put forward in terms of climate change, and that is to increase our federal mandate from 2% to 5%. When you look at canola, for example, and compare canola as a biofuel to a fossil fuel, it has 90% less greenhouse gas emissions.

We do need to look at policy solutions and that's certainly one that can be considered and is not costly. It's a product that's available, and it can have an immediate impact on the environment. It's something that we think is worth considering.

Mr. Lloyd Longfield: It's high value.

Ms. Catherine Scovil: Yes, it's high value.

Mr. Lloyd Longfield: I'm going to share my time with Mr. Peschisolido.

The Chair: You have a minute and six seconds. There you go.

Mr. Joe Peschisolido (Steveston—Richmond East, Lib.): Mr. Chair, I'd also like to thank the witnesses for their presentations. They were phenomenal.

I'd like to quickly focus on two aspects of the Calgary issues statement: markets and trade, and value-added agriculture.

Mr. Vander Ploeg, I was intrigued by two comments you made. Number one, you said that Canada is a superpower in food, and next, you talked about shifting over from high-volume, low-cost products to premium products. How can the framework help your folks do that?

On the second point, Ms. Miller, I'd like to hear how we can go from just providing seeds to having more of the oils and moving into higher-value processing.

The Chair: Quickly, please.

Mr. Joe Peschisolido: I think you have about six seconds each.

Voices: Oh, oh!

Mr. Casey Vander Ploeg: I think that continued funding for market access development and industry's role there are critical. In addition to that, it's really about getting a handle on growing the labour pool. We have trade deals in place now. We're looking at markets opening up. The big question is, do we have the workers in order to do it? From the processing side, we would say no, we're simply able to do what we can do now, never mind increasing it.

The Chair: Thank you, Mr. Vander Ploeg.

I'll allow you 10 seconds to quickly address that.

Ms. Patti Miller: The ag policy framework has really helped us uncover the health benefits and the feeding benefits of canola oil. We have used that to differentiate ourselves in the international market to try to get a premium back into the industry. There has been a huge investment in the industry because of that increased knowledge in terms of what canola can do.

The Chair: Thank you, Ms. Miller.

We'll end it with five minutes with Mr. Anderson, and then we'll move into our discussion.

Go ahead, Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, Mr. Chair.

We've talked a bit about climate change this morning. The government is forcing a carbon tax regime on the country. Those of us who have followed this for a while know that these don't work.

Carbon exchanges have been a complete failure where they've been put in place, and carbon taxes don't work. They generate a lot of revenue for government, but they don't work unless the tax is so high that it punishes normal behaviour, such that people have to change their regular practices. Many people have used B.C. as an example of where a carbon tax has worked, and emissions are actually going up there.

Here's my question to the industry. If there's a tax that's high enough that you have to change regular practices, which is the point of the tax, how do you remain competitive if our competitors, primarily those south of the border, do not have that same tax to deal with? That's for canola, but particularly for the feeders.

The Chair: Again, Mr. Anderson, this is—

Mr. David Anderson: This is relevant to the APF, because are we going to have to put massive amounts of money into the APF to counteract the effects of attacks on competitiveness and market access for our industries?

How does having a large carbon tax affect your capacity to remain competitive?

• (1005)

Mr. Brett Halstead: As a producer, I'm always concerned about anything that will affect or erode my competitiveness. Our competitive position is more than just going up against the U.S. As Patti mentioned, canola is 5% of the global trade in oilseeds. It's very important that we remain competitive. Soybeans are a huge crop out there, as well as palm oil, so our competitiveness is critical.

Farmers have continually adopted and adapted new technologies. We produce more on the same or fewer acres now than we did 20 years ago. We burn less diesel fuel.

We will look at adapting in the best way possible, but we're definitely concerned about our competitive position.

Mr. David Anderson: Mr. Vander Ploeg, do you have any issue with this?

Mr. Casey Vander Ploeg: I would echo that comment. I am very seriously concerned about our competitive position.

I have a very quick example. Over the last 10 years, the average annual profitability in our sector is about \$18 a head. That's what cattle feeders make. We're seeing the piling on now, because we have a carbon tax coming into play in Alberta, we have new regulatory changes such as Bill 6, for example, we also talk federally of tax. These things are starting to add up. It doesn't take long for eighteen dollars' worth of profitability to evaporate.

Mr. David Anderson: We've had one feedlot close down. One of the issues he mentioned was the fact that there was a carbon tax being applied.

My concern is that there is no appetite for considering past improvements. You've talked about them this morning in terms of the changes that farmers have made since the 1980s and into the 1990s, but in the discussions we've had previously, there hasn't been an appetite to consider those improvements. We'll leave it at that for now.

I wanted to ask Mr. Halstead about this. We're down below 30% participation in AgriStability. Doesn't that basically leave the ag community without a safety net? I use AgriInsurance and AgriInvest, as well as you do, from what you've said, but without AgriStability.... Is there an effective safety net for farmers when the participation rate is below 30%?

Mr. Brett Halstead: Not in a complete market collapse, no.

Mr. David Anderson: Okay. If we face, for example, a 2% or 3% hike in interest rates, potentially, or a crop that's in the field all winter, is that going to have an impact on this?

Mr. Brett Halstead: It can, if you have a significant amount of crop out.

AgriInsurance works well if you have your whole crop out over the winter, but if 80% of your crop was combined, let's say, and you had 20% in the field, that 20% might be your profit. That might be your drop in the market, and that's where an AgriStability would come in, because you might not actually trigger your AgriInsurance at that point.

Mr. David Anderson: I'm almost out of time here, Ms. Miller, but there is support for things like organic development. It's a growing part of the industry or whatever. We've been doing some studies on GMOs. Do you think support, promotion, and public education about the benefits of GMOs should also be a component of the APF? Your industry is actively using them and feeding people around the world with them.

Ms. Patti Miller: Yes. Certainly, consumer attitudes toward GM and biotechnology are a challenge. You see the public swayed by a really nice meme on the Internet and ignoring years of research and studies. I think we need to do a lot more in terms of getting the message out, not only about the safety of the products but also about the environmental impact they have had and the improvement in sustainability.

We recently released a study on biotechnology ourselves, and that speaks to the positive impact it has had on our industry.

The Chair: Thank you, Ms. Miller.

Thank you so much for participating, Ms. Scovil, Mr. Halstead, Ms. Miller, and Mr. Vander Ploeg, and also for both the very interesting input and the very interesting conversation.

We'll break for a minute or two and go to our other business.

[Proceedings continue in camera]

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