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

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**EVIDENCE**

**Wednesday, February 24, 2016**

—  
**Chair**

**Mr. Pat Finnigan**



## Standing Committee on Agriculture and Agri-Food

Wednesday, February 24, 2016

•(1535)

[English]

**The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)):** I call the meeting to order.

Welcome, everyone.

As we had planned, we have with us today people from Agriculture Canada.

We have Mr. Greg Meredith, assistant deputy minister, strategic policy branch. From the Canadian Food Inspection Agency, we have Mr. Paul Mayers, vice-president of policy and programs.

I understand that we have a short five-minute video. We have a small problem. We do have it in English and French, but we don't have it simultaneously, so we can either play one version first and then go to the other, or, if everybody is comfortable, we can play the English one and if we want we can either skip or do the French one. There has to be unanimous consent.

[Translation]

The French version of the video is also available online, if you want to watch it.

Is that okay, Pierre?

**Mr. Pierre Breton (Shefford, Lib.):** No problem.

[English]

**The Chair:** Do we have unanimous consent to go with that?

**Some hon. members:** Agreed.

**The Chair:** Thank you.

Go ahead, Mr. Shipley.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you, Mr. Chairman.

I was just looking at the agenda. Could you inform us about the minister? Part of the discussion we had was about when the minister might be able to come with the department head. That obviously didn't work with his schedule.

Could the chair let us know when the minister would be able to come and what sort of agenda follows after what we do today?

**The Chair:** I believe a request was made. Of course, we have to meet when the minister is available. We're always in contact with Mr. Poissant. As soon as he is available, we'll ensure that we let the members know and have him in.

Go ahead, Mr. Warkentin.

**Mr. Chris Warkentin (Grande Prairie—Mackenzie, CPC):** I move that a letter be sent to the minister to have him come no later than the next sitting week.

**The Chair:** All in favour of the motion?

Those opposed—

There is a request for a recorded vote.

Mr. Peschisolido.

**Mr. Joe Peschisolido (Steveston—Richmond East, Lib.):** Would it be possible to put forth a friendly amendment to the proposal?

**The Chair:** No, you have to vote for or against.

[Translation]

I will repeat the motion.

[English]

The motion reads that a letter be sent to the minister to have him come no later than the next sitting week.

We will have a recorded vote.

(Motion negatived: nays 5; yeas 4)

**The Chair:** Is there any further business before we move ahead?

•(1540)

**Mr. Joe Peschisolido:** Mr. Chair, I move that we invite the agriculture minister to attend at his earliest convenience.

**The Chair:** We have a new motion on the floor that we invite the minister to attend the committee at his earliest convenience.

Go ahead, Mr. Shipley.

**Mr. Bev Shipley:** I know that sounds really good, except this is the agriculture committee, and he is the minister for this committee. In the past, in all fairness, ministers were given a time to attend. We always want him to come to the committee. Since the last invitation, the minister has had three weeks to fit an hour into his schedule.

He's the minister, and we're the committee that is responsible for the debate on the agriculture file. I would have trouble voting for that motion. Please understand that I'm not being difficult. It's just that there's a responsibility. I think that the intent here is that we don't have anything booked for the weeks when we come back because the minister would be a part of that discussion. We never heard from the government that he wasn't coming. As a result, the agenda, as I see it, has been left empty.

I'll leave it here. It's your motion, but that would be the reason that we on this side wouldn't support it. We have to give some commitment to this committee.

**The Chair:** Mr. Warkentin is next, and then we'll go to Mr. Breton.

**Mr. Chris Warkentin:** Thank you. I do appreciate the opportunity.

What we'll find is that ministers always have things to do, so "earliest convenience" may mean next year. What we do note also is that ministers in other departments have made themselves available to their committees. As a matter of fact, the Minister of Finance has been before his committee. Quite frankly, the finance minister is a lot busier than the agriculture minister these days, so we appreciate the fact that he did show up. Ministers, traditionally, do show up, especially when they're first appointed, to speak to their parliamentary colleagues.

There's a demonstration of some contempt by the minister not giving any indication of a date on which he would speak with his parliamentary colleagues on the record. It is contempt. It's looking like contempt for this committee, and for Parliament as an extension.

We don't want to go down that path. It would be helpful for the minister to be in contact with committee members to let us know when he would make himself available. We don't like to send letters. We don't like to demand that ministers come, but from time to time, when ministers decide not to be engaged with the committee and not to respond to requests from the committee, we do have to get a little bit more aggressive in our language.

I'm not certain that at this point we should leave it to his earliest convenience, in that he didn't have the respect for the committee to even indicate when he would make himself available upon the first request. We will stand by our desire to see him within short order. If the minister all of a sudden makes himself available in due time, we'll respect that he intended to do that and that there was simply a miscommunication with the committee.

However, as it stands now, to communicate that you're not going to....From what we understand, the minister has not made himself available. He didn't give you a date for which he could be available. At some point, we as a committee have a responsibility to our constituents and to the agricultural community across this country to demand that the minister does come.

**The Chair:** Mr. Breton.

[*Translation*]

**Mr. Pierre Breton:** It is very clear that we are all interested in hearing the minister's views and questioning him.

However, your motion would compel the minister to come to the committee on a specific date. Our parliamentary secretary and other people are in contact with the minister, and we will ensure that he comes here as soon as possible. We should not be compelling the minister to come to the committee on a specific date.

● (1545)

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

Mr. Drouin.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** My comments are along the same lines as my colleague Mr. Breton's.

[*English*]

Asking the minister to come on a precise date without even knowing his agenda is like asking you guys to be in your ridings on March 7. You're going to have some challenges, because you have to be here in the House. We don't know what he's doing that week.

I know we asked the minister to come today, but he couldn't come today. Perhaps he will come that week. We don't know. However, telling him that he must be here at a certain time when he just couldn't make it today.... It's not being unreasonable to say that he's going to come in the following week or the week after that or the week after that. I don't think that he has to be there after the first week that we're back here in Ottawa.

Without seeing his agenda, I think it's ridiculous. I do understand, and we all have a shared desire to see the minister here, but I would follow Joe's proposition. It makes more sense to have him come here at his earliest convenience and it's more reasonable.

[*Translation*]

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

[*English*]

Mr. Warkentin.

**Mr. Chris Warkentin:** I do appreciate that, and I do appreciate that people are busy. However, the minister was invited to a parliamentary committee. He was invited for today. It is customary that if ministers cannot show up at a meeting when they are invited, they provide an alternative date.

The fact that the minister has provided no alternative date is a complete demonstration of contempt for this committee, and as an extension, a contempt for Parliament. I hear my colleagues across the way say, well, if he doesn't show up next week or the next week or the next week, he'll eventually find it convenient to show up here. Frankly, we have a responsibility to hold the minister to account from time to time, and today our job is to ensure that he'll speak to people who have been appointed to this committee and duly elected to this House to answer questions with regard to his mandate and his responsibilities.

As I said, if he intended to show up, he would have offered an alternate date. I think it's highly problematic that he hasn't provided any indication as to whether he will ever show up. Simply saying that we'll leave it up to his earliest convenience leaves it wide open that he may not show up at all.

I would hope that the members opposite would already be on the phone, looking to contact their colleague to see if he wouldn't make himself available so that this debate could end. Clearly he has no intention of showing up, and nobody across the way seems to be making any effort to find out when he would be available. Often somebody on the other side, having spoken to the minister, would know when he would or would not be available. It seems clear that there is a desire not to see the minister attend this meeting any time soon.

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

We have a motion on the floor.

All in favour of the motion, please indicate so.

(Motion agreed to)

**The Chair:** I think we will now move to our presentation.

I will leave it to you, and we're certainly excited to hear what you have to present.

[Translation]

**Mr. Greg Meredith (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food):** Thank you, Mr. Chair.

I think I can safely say that my colleague Paul Mayers is just as happy as I am to be here today to give you a brief overview of the agriculture and agri-food sector.

What we propose is that I first make a presentation and we then show a video about the Canadian Food Inspection Agency.

[English]

I assume that will be okay.

I will take very little time to leave opportunity for members of the committee to pose questions.

For those of you who are new, I think it is very useful to have a bit of a *tour d'horizon* of the sector. I notice there are a number of members who are veterans in the business, and they can add to and supplement what Mr. Mayers and I have to say. That's the purpose of my presentation.

I do want to lay some context for members beforehand. The sector is a concurrent jurisdiction, meaning that in the constitution, both the federal government and the provincial and territorial governments have responsibilities for agriculture. Hence the sector's best interests are watched out for by governments working in close alignment, which we do in a fairly systematic way. It's a very intensive engagement with provinces and territories, and at the end of the day, it's one that works on behalf of producers.

Contrary to the perception that many in the country have about agriculture, modern agriculture in Canada is very sophisticated. It's very dependent on capital and knowledge, dependent on science, research and development, and dependent on the capacity of tens of thousands of entrepreneurs to innovate, adapt, and compete. It's globally competitive, very dependent on exports, and a very dynamic sector. I'm sure that the finance minister is busy, but I can assure you that the agriculture minister touches on almost every imaginable

portfolio that a government deals with. From a trade policy perspective, the government is very involved, as is the agriculture minister. From the point of view of social policy and ensuring jobs and employment and growth, the minister is very busy.

From the point of view of science, our department is very intensely focused on research and development. The sector, in its various incarnations across the country, presents a vast array of interests and a vast array of issues for a minister to deal with.

Just by way of giving you some context, I'll tell you that the economic importance of the sector is significant. It contributes almost \$110 billion to GDP. That includes the primary sector, the processing sector, input suppliers, and others. It accounts for about one in eight jobs in the country. As you can see, it's a very significant player in terms of the economy and jobs across the country. It's also a significant player in virtually every province, although the intensity with which a province is dependent on agriculture for its economic growth varies across the country. You can see that provinces from Quebec west rely a little more heavily on agriculture as a contributor to their economy than do the eastern provinces. What we'll see later is that from an employment point of view, there's a very significant reliance on agriculture and food processing.

This graph reflects the diversity of agriculture across Canada. There are some areas like western Canada and central Canada where beef production is prevalent. Hog and pig farming tends to be focused in Manitoba and Quebec, with a great deal in Ontario as well. Right across the country, dairy is an important sector, but very much so in Ontario and Quebec.

● (1550)

Large grains and oilseeds operations obviously predominate in the west. Horticulture operations are more common in B.C. and central Canada, but are actually common everywhere.

In Atlantic Canada you'll see a significant horticulture presence, including in potatoes and other vegetables. You'll see a significant presence for supply-managed industries as well. Virtually every province has a major stake in the health of the agriculture sector.

I mentioned to you that the sector is very knowledge intensive. A study that we did from 2011 to 2013 showed that nearly half of Canadian farms had implemented some form of significant innovation. That has to do with production practices such as improved agronomics, improved genetics for livestock and crops, and managing with more sophisticated business tools and business models. I should add that innovation really is the source of our competitive advantage worldwide.

We have a significant number of competitors. We're the fifth-largest exporter of agriculture and food in the world, but in the beef sector, for example, Brazil is a very productive country. We compete with their beef production on the basis of quality, not quantity.

We have significant competitors all around the world in major grains and oilseeds. Emerging economies, such as the Kazakhstani, Russian, and Ukrainian food belt, are very highly productive. That area has very rich soils and has the potential to be a significant competitor for Canada. Our ability to stay ahead of them will depend on innovation alone, because our agronomic practices are just about as sophisticated as they can be.

I would like to take you through a bit of history, and I know that this is always a sensitive issue for decision-makers and policy-makers. The number of farms is declining, while the average farm size is increasing fairly significantly. That generally says to people that the small family farm is being threatened.

To that, I would just add a couple of nuances. One is that the attrition that we see is not from small family farms going out of business or being bought up by big farms. It's more the medium-sized businesses, those in the \$100-thousand-plus range of annual revenue, that are seeing some consolidation and growth into larger farms.

The other thing I would underscore is that most farms really remain family owned. They take on different business models or different business structures, such as partnerships, but you'll very often see families owning corporations that are "the family farm". Families, as an ownership entity, are very predominant. The majority of farms are family owned and are not owned by some third party corporate entity, even though their business structures might be slightly different.

As I indicated, farming across the country is very diversified.

Another reflection of that is where farms earn their money, which is predominantly in grains and oilseeds and in red meat, namely pork and beef production. At least a third of market receipts in primary farm commodities are earned by those two sectors.

Supply management, which is of great importance across the country, represents about one-fifth, or 20%, of farm market receipts. Other significant sectors are fruits and vegetables and special crops, which are growing in importance. Special crops, including pulses and what used to be other smaller marginal crops are growing into major crops now.

The farm sector has been growing fairly significantly over the past 10 years. Grains and oilseed receipts have almost tripled, despite significant challenges with respect to weather. Red meat has grown at a slightly more moderate pace, but has pulled away from the doldrums that producers were experiencing in the 2008-2009 period. They have seen some significant growth in price and market growth.

● (1555)

As I just mentioned, special crops, including such crops as pulses, have grown significantly as well, reaching almost 15% over the past decade.

Farmers are generally doing very well. They have a net worth, on average, of nearly \$2.5 million in assets after debt, which is higher than that of the average Canadian family. Net cash income has been very high. It is expected to reach a record once all the numbers are in for 2015, and it was at near-record highs in 2014.

Most recently, the sector has experienced some pressure on major commodity prices globally, but a couple of macroeconomic issues have intervened in favour of farmers and their income. One is the state of the dollar. The falling dollar has meant that exports from Canada are more competitive, and that's a bonus for farmers, as difficult as it is for our manufacturing sector. The cost of inputs, the cost of running a farm, is significantly dependent on energy costs, so

the more affordable energy situation, especially with respect to oil, is advantageous from a farmer's point of view.

Nevertheless the confluence of high demand, extremely efficient farming, and those macroeconomic conditions have conspired to make farmers fairly successful in the past little while. I've already shown you that net worth has been increasing, so that's a very strong, positive issue. The concern for the department with respect to the growth in assets on the farm is how it is financed. A large part of it is financed by debt. We've done some stress testing on the amount of debt that Canadian farms have—what-if scenarios, such as "what if interest rates were to rise significantly"—and we found that given the productivity that Canadian farms demonstrate, most would be in a fairly stable position to service debt.

I can tell you that banks, the FCC, and credit unions across the country do the same kind of work with farmers just to ensure that their debt load doesn't overcome income and cash flow.

Looking to the future, some major trends are affecting what we think will be continued commodity growth. I'll dwell on this for one minute.

Some of the major drivers for change—I'll show you a bit later—are in the developing world. We see continued demand for red meat. A population graduating into the middle-income group ends up changing diets in favour of Canadian-based types of commodities. Globally we see steady but slow growth in the developed world in commodity consumption, but real growth in the developing world.

I will briefly turn to the food and beverage processing side. Food and beverage processing is a major employer across the country in virtually every province. It's also the consumer of at least a third of the primary production in any given commodity, and in many smaller local or regional areas, it's well more than half. Therefore, the processing sector is an anchor consumer for the primary sector, and the relationship between the two is very significantly tied to the ability of primary producers to earn an income and the ability of food and beverage processors to stay competitive.

Food and beverage processing is the single largest manufacturing sector measured by employment. A graph here shows you the presence of food and beverage processing plants across the country. As I mentioned, they play a significant role in the economy of virtually every province; in the territories, their role is slightly less.

The contribution of food processing to provincial GDP varies, even though it's an important employer. It's about 2% across all the provinces. It's highest in P.E.I., where there's a reliance on potato farming and some supply management, and it's lowest in Alberta. That's probably changed, by the way, with the recent restructuring that the Alberta economy is undergoing.

● (1600)

A wide variety of products is produced by the Canadian food and beverage processing sector. Meat, dairy, and beverages contribute about half of the total value of shipments of our food and beverage processing of about \$103 billion. Those particular sectors are quite significant contributors to provincial economies.

The challenge for Canada is that the majority of our food and beverage processing plants are small. The majority of output is driven by large firms, but the majority of operations are small. That means small to medium-sized enterprises and it means entrepreneurs creating jobs for Canadians in an industry that can be quite challenging from a competitive point of view.

The challenge for governments, of course, is that in addressing this sector and in trying to ensure growth and economic competitiveness, there's a wide diversity of challenges, ranging from the size of the operation to the commodity that's being processed.

I'll skip the related slide in the interest of time and go to slide 19.

I mentioned earlier that this sector is very trade dependent. More than half of our production is exported, and in some commodities upwards of 85% to 90% of Canadian domestic production is exported abroad. It's very significant for many commodities, and, as I mentioned, we're the fifth-largest exporter of agricultural and agri-food products in the world.

The U.S. is still our most dependent destination. In other words, we're the most dependent upon the U.S. for about half of our production, but what I would add by way of context is that in comparison with other sectors, we're actually far more diversified. Canada's export performance depends upon the sector, but on average it's around 75% or 76% dependent upon the U.S. market, whereas the Canadian sector is considerably more diversified.

I mentioned earlier that the developing world is the source of most of the forecast growth for the future. What we've put on slide 21 is an infographic describing where the middle class currently is located. Each one of those person-like figures represents \$1 trillion U.S. of consumptive capacity. You can see where they're currently located. You can see that today a relatively small proportion of the middle class and of middle-class buying power is located in the developing world, which would include Southeast Asia, Africa, and some of the Middle East.

Compare that with 2030, when two-thirds of the global middle class will be in the Asia Pacific region. In fact, if you drew a circle—you could imagine the area—encompassing southern China and a bit of India and Indonesia, there are more people living in that area now than in the rest of the world.

Those markets are quite critical for Canadian exports of agricultural and agri-food products. When more disposable income is available to middle-class income-earners, their diets change. Their proteins change towards meats and their consumption of oil changes towards healthy oils such as canola, which we ship from Canada, so Canada stands to benefit enormously from the growth in population and wealth in that particular region.

In conclusion, I want to go back to some of my opening remarks. The sector really is populated by tens of thousands of entrepreneurs who are very competitive on a global basis. Their use of very sophisticated business models and very sophisticated technology makes them some of the most productive farmers in the world. We're an important player, and there's a considerable amount of opportunity for future growth.

• (1605)

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

We'll move on to Mr. Mayers' presentation.

[*Translation*]

**Mr. Paul Mayers (Vice-President, Policy and Programs, Canadian Food Inspection Agency):** Thank you, Mr. Chair.

We will start with the video, which gives an overview of what the Canadian Food Inspection Agency does.

[*Audiovisual presentation*]

• (1610)

**The Chair:** Do you have anything to add or have you finished your presentation?

[*English*]

**Mr. Paul Mayers:** We would be delighted to take any questions.

[*Translation*]

**The Chair:** We will now move on to questions, starting with Mr. Warkentin.

[*English*]

You have six minutes.

**Mr. Chris Warkentin:** Thank you very much.

We certainly appreciate that you have come today and given us an overview with regard to agriculture in Canada. It's obviously disappointing that we don't have the minister here to question with regard to the direction in which he intends to take the department. Within the mandate letter we got a little bit of information as to what the Prime Minister's mandate was for the minister to undertake; unfortunately, we didn't get a sense of.... It's very vague, the letter to the minister.

I have one question that I might be able to ask. The department must be undertaking a discussion with the provinces with regard to the Growing Forward program. Are you aware of, or can anybody give us a sense of, where the negotiations or the talks with the respective provinces are in terms of the renewal and the funding of that renewal?

**Mr. Greg Meredith:** Yes. I'm the assistant deputy minister in charge of those frameworks, and you're absolutely right that we are deeply involved in the process of renewing the framework.

For those of you who aren't familiar with this program, I mentioned at the outset that our engagement with provinces is very intense because we both have jurisdiction. It's one of the unusual areas where there is concurrent jurisdiction under the Constitution. This means that for farmers and the agri-food sector achieve the greatest benefit, government policy and programming have to be aligned.

This is a long-standing agreement that we've had with provinces since 2003. We've had three frameworks. We're in the third now, called Growing Forward 2, but it expires on March 31, 2018. Currently that's an arrangement whereby there's \$2 billion in cost-shared programming, delivered by provinces and cost-shared 60% by the federal government and 40% by provinces. There's an additional \$1 billion over five years devoted by the federal government to types of programming largely oriented toward science, research and development, innovation, and competitiveness. Some of it is directed at producers and some of it is directed at agri-food processors. Some of it is in collaboration with science being carried out in industry and in the private sector.

The process of coming up for a renewal involves ministers agreeing on the scope of what the agreement will be for the next five years—that is to say, what's important and what the priorities are within the policy framework—and then agreeing, on an increasingly granular level of detail, about what kinds of programming and what kinds of policy thrusts are required to meet agreed-upon outcomes. We have a significantly detailed road map to guide us, and a discussion among ministers is likely to take place in the next month or two; based on that direction, we'll have some significant advancement of the framework at the July 2016 ministerial meeting. That will include ministers of federal, provincial, and territorial governments. They'll set us in the direction of establishing their priorities.

By late 2017 we hope to have an agreement in place, at least as regards our understanding of what our program priorities can be, so that we can implement it for 2018.

• (1615)

**Mr. Chris Warkentin:** Do you know if the minister has reviewed the Emerson report, or if he's been briefed on that report?

**Mr. Greg Meredith:** The minister, I would have to say, is very, very preoccupied with the state of grain transportation in the country.

For those of you who are not familiar with the Emerson report, it's the report of the Canada Transportation Act review that was led by David Emerson and involved a panel of eminent persons such as Marie-Lucie Morin, former deputy minister of trade, and Murad Al-Katib, who is a pulse entrepreneur and one of the biggest pulse producers in Canada, if not the biggest, and who has a global reach in that business. The panel members were very attuned to the importance of transportation and the linkages of transportation to Canada's economic competitiveness.

A significant part of the CTA review was driven by the needs of grain transportation, hence the member's quite important question about the engagement of our minister. In the minister's mandate letter, his direction from the Prime Minister is that he will undertake, with the Minister of Transport, a full grain-supply-chain examination of the CTA review report and what it means for grain supply.

I would have to say by way of context that Canadian grain travels further to tidewater than that of any competitor country in the world. On average, a bushel of wheat will travel 1,200 to 1,500 kilometres to get to tidewater. By way of comparison, an American equivalent would be probably in the 400- to 500-kilometre range, and likewise in Australia, just because there are more outlets in those countries.

Grain transportation, particularly by rail, is a critically competitive issue for our Canadian grain farmers, and the minister is very focused on it.

**Mr. Chris Warkentin:** I appreciate that you didn't answer the question—

**Some hon. members:** Oh, oh!

**Mr. Chris Warkentin:** —and I don't want to put you in an awkward position, but I guess this demonstrates why we need to speak to the minister.

Thanks.

**The Chair:** Thank you very much, Mr. Warkentin.

[*Translation*]

Mr. Breton, you're next.

**Mr. Pierre Breton:** Thank you, Mr. Chair.

Thank you very much for your very instructive presentation on the market for the agriculture and agri-food sector. I think that the future is bright.

I do have one concern about the future, though. I am talking about population growth here in Canada and around the world. We know that demand for food products will grow as well. I don't have any figures to illustrate the population increase, but we know that it will be very high in the next 10, 20 and 30 years.

Can the departmental representative give the committee an idea of the support it plans to give to productivity, innovation, sectors, producers and processors? I think this will become an important issue.

• (1620)

[*English*]

**Mr. Greg Meredith:** Thank you for the question.

The challenge of meeting a population growth that is expected to reach nine billion by 2050 is significant. Canada is in a unique position right now. Because we have leading-edge agronomic practices, we're making the maximum use of our inputs now, compared to many countries in the world. I mentioned the Kazakhstan-Russia-Ukraine competitors. There's an opportunity for them to increase productivity by just using current leading-edge practices. Canada has to rely on innovation and productivity growth, because our access to further resources just isn't there.

From the primary production point of view, on-farm innovation is going to be incredibly important. That means innovation in terms of agronomic strategies and cropping systems. It means making sure that our farmers have access to the best possible seed technologies, the best possible fertilizers and strategies for fertilizers, and the best possible pesticides that can be applied when required, where required, and in the amounts required, saving the farmer money and protecting the environment.



I think you alluded to the processing sector. In the minister's mandate letter is a commitment by the government to invest in value-added processing in recognition of the fact that I mentioned earlier, which is that the processing sector is an important driver of opportunity and growth for the primary producers. For farmers, the processing sector and its economic health are extremely important, but the processing side is a globally competitive business. We face competitive pressures from our American colleagues in terms of economies of scale, and we face very large-scale competitors globally. The opportunity for investments in value-added processing is significant, and the opportunity for processors to benefit from that will be significant.

[Translation]

**Mr. Pierre Breton:** Mr. Chair, do I have a little time to ask another question?

**The Chair:** Yes, you have two and a half minutes.

**Mr. Pierre Breton:** Perfect.

I will continue on the topic of productivity and innovation. We produce many food products. According to the department and the studies you have, what should the priorities be? In which sectors should we be focusing more on productivity and innovation? There must be some food sectors where we are doing better and others where we are less productive. In which sectors should the government invest more?

[English]

**Mr. Greg Meredith:** I hesitate somewhat to set the government's priorities going forward. As much as I think I might have a view, I'm sure others in the government do as well.

More to the point, Canada is globally competitive in areas where we have a significant research and development advantage. For example, in canola, a collaboration among universities, industry, and government led to the development of this new crop, which is now, depending on the year, the single biggest or second-biggest crop in Canada and a significant income source for Canadian producers. We're likewise leaders in dairy genetics through our involvement with the private sector and industry.

I hesitate to talk about priorities, though, because the department spends a great deal of time talking with researchers in industry, in not-for-profit research organizations, and in academia about what the priorities should be going forward. I believe we have 13 clusters, 11 of which are focused on specific commodities and two of which are horizontal. The clusters are a combination of government, industry, and academia getting together to determine where they are going to invest public and private dollars and what the priorities are going forward.

We're in the process, as part of Growing Forward 3, of rethinking where we are and where we should be going for the future. There's no doubt that in virtually every commodity group, Canada's success will depend on research and development innovation.

•(1625)

[Translation]

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

**The Chair:** Mr. Breton, your time is up.

Ms. Brosseau, you have six minutes.

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

I thank the witnesses for their presentations.

I want to say that I'm very happy to see that the Prime Minister has passed on his point of view to his ministers. That shows some transparency. We now know a bit more about the direction that the minister plans to take. That is quite different from what we saw when the Conservative government was in power.

I have several questions to ask and will do so quickly.

Dairy producers have expressed concern about milk proteins. A producer can lose about \$1,000 a week because of milk proteins coming into Canada from the United States. Can you briefly explain how the government could fix the situation? During the election campaign, the Liberals promised to rectify the situation.

Can you also tell us whether it is difficult to change the composition standard for cheese? Why is it taking so long to address this problem?

[English]

**Mr. Greg Meredith:** Yes, unfortunately, I am familiar with those issues in both English and French, and the answers escape me in both official languages.

These are two significant issues from the point of view of supply management, and I apologize to members who have a greater depth of understanding. I think there are other members who probably don't have the same depth, so just for context, diafiltered milk is a way of bringing milk into the production of dairy products. Right now the concern among dairy producers could be characterized as acute, in that diafiltered milk is being used to circumvent tariffs on unfiltered or liquid milk coming into the country. That set of tariffs is part of the three pillars of supply management this government has indicated it wishes to uphold. Those three pillars are effective border controls, effective price controls, and effective production controls in the country.

Canadian dairy producers feel that using diafiltered milk is a way of circumventing that, and there's a very significant concern. They've made the concern known to the minister, and the government is taking it very seriously.

A related issue is the compositional standards for cheese. Canada has established what real cheese should be made of, and those compositional standards include how much fluid milk and non-fluid milk ingredients can be used. The government at this point supports the compositional standards and supports enforcement of compositional standards as a way of ensuring the quality, the veracity, and the reliability of cheese produced in Canada.

Paul, would you like to comment?

**Mr. Paul Mayers:** I don't think I can add further to your point, Greg. We have cheese compositional standards, and there is a commitment with respect to their enforcement. In the interest of time I won't add further to that.

• (1630)

**Ms. Ruth Ellen Brosseau:** I know it's a complicated issue, and I think you are aware of the importance of moving forward on this. I talk to my constituents often, and this is something they're hoping can be taken care of as soon as possible.

[Translation]

I would also like to address the issue of agricultural workers.

Producers will always be required to hire Canadians first. However, for many reasons, it is not always easy for them to find Canadians who will work on their farms.

The Canadian Federation of Agriculture met today and passed a resolution about the importance of hiring foreign workers and expanding the temporary foreign worker program to make it easier to hire foreign workers. There have been problems in other fields, such as banking and the food service industry, but agriculture should be considered separately. We have to ensure that we have workers. A business cannot expand if it has no workers.

Can you comment on the importance of workers in the agriculture sector?

[English]

**Mr. Greg Meredith:** Again, by way of context, you're absolutely right. The question is very germane to the kinds of challenges that primary production and early processors face. The nature of the challenge is that it's very difficult to get Canadians to work at seasonal agriculture.

When you're in the business of horticulture production and your crop is coming to harvest, there's no stopping the growth of your crop. When it's ready to be taken off, it has to be taken off and it has to be done quickly. It's difficult to attract Canadians to that kind of seasonal work. It's intensive and often very difficult. Primary producers have access to a number of provisions that allow them to engage temporary foreign workers, and generally that system works very well.

There have been some challenges noted by processors. I'll give you an example in the meat industry. Early processing, the first processing steps in meat production, involve the slaughter and butchering of animals. It's a difficult job that is hard to attract Canadians to doing. Moreover, many of these businesses, not surprisingly, tend to be located in rural communities where meat production occurs, hog and beef production in particular. In small rural communities, there aren't enough people available for this kind of work.

A small town like Brandon may not be able to supply Maple Leaf Foods with all the workers that Maple Leaf Foods wants. The temporary foreign worker program brings in temporary workers, sometimes skilled and sometimes semi-skilled, for jobs that are relatively well-paying, even compared with Canadian jobs. It's a big challenge and a significant expense.

My minister is very interested in the access of processors and producers at the primary level to the temporary foreign worker program. He is engaging his colleagues to make sure that the needs of the sector are being met.

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

[Translation]

Thank you, Mr. Meredith and Ms. Brosseau.

Mr. Drouin.

[English]

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

Thank you for being here. I appreciate your coming on short notice. I don't share the same grief as my colleagues on the other side about the minister not being here. If I recall correctly, in 2011 he didn't show up for five months.

My constituents and I would like to know how ready we are with free trade agreements that are going to come into force. I'm thinking about CETA, and I know there are technicality issues. Is your department working on those? I'm thinking about hog farmers and cattle farmers with regard to slaughterhouse provisions. It seems as though our other partners are dragging their feet. What's the role of your department in this?

• (1635)

**Mr. Paul Mayers:** Thank you very much for the question.

Using CETA as the example, we've been working very closely with our colleagues in Agriculture and Agri-Food Canada, Global Affairs Canada, and the meat industry to ensure that their needs are realized with respect to meaningful market access improvement as a result of CETA. They have identified for us what needs to be done to achieve effective market access. As a result, we have been pursuing this in regulator-to-regulator interaction with our colleagues in the European Commission and with the member states.

For example, in Canada an important food safety barrier employed in slaughter is the use of hot-water washes of carcasses to address the issue of microbial contamination. We worked very closely with the industry to ensure that a very effective dossier was available to the European Union so that they could review and approve the use of recycled hot water in slaughter production. That was the highest priority the industry identified to us. We pursued it and have been successful in gaining the approval in the European Union for the use of recycled hot water in slaughter processing.

The industry will continue to identify priorities, and we will continue to pursue them aggressively with our European colleagues in order to ensure that the industry has meaningful access, not simply paper access, to the European Union.

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

I have another question. It is again about free trade.

It's about the harmonization of regulations—or not necessarily regulations, but perhaps certification—for biological products or organic products. What's the role of the department, and are you working on a strategy to get this done?

It was one of the issues that the Mexican minister of agriculture mentioned, and I think it does make sense, especially for vegetable and fruit farmers, because it would make it easier for them to export and would reduce impediments to their ability to export their products. What's the role of your department?

**Mr. Paul Mayers:** With regard to regulatory co-operation, Canada has been successful in elaborating a comprehensive organic standard, and inherent in the elaboration of that standard is the pursuit of equivalency agreements with jurisdictions.

Again, we work with the industry to identify where their priorities are in terms of markets, and then we pursue negotiations with those markets to maximize the alignment between the Canadian standard and their organic requirements in order to give them assurance that products produced according to Canada's organic standard meet the requirements for the claim of organic in their market. We've been successful in negotiating a number of equivalency agreements with respect to organic produce. Not surprisingly, the very highest priority for the industry was organic equivalence with the United States, which was the first jurisdiction we achieved that equivalence with. We have continued to expand the number of jurisdictions with which we hold organic equivalence in order to maximize the market opportunity for Canadian farmers.

**The Chair:** We're now on the second round.

Mr. Longfield, you have six minutes.

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

Thank you for coming. It's really good for us to get an early start on what I'm going to say are non-political and non-partisan discussions on how we can help the Canadian agriculture industry through your departments. As committee members, we are trying to get a sense of where can we add value to make your jobs easier and for us to have success across Canada.

Early in my campaign I was discussing with some of the people of Guelph the need to replace some of the economic fallout that we've seen from the oil industry with an industry that's stable, productive, profitable, and really pan-Canadian.

Mr. Meredith, your presentation on the Canadian agricultural industry, and Mr. Mayers, your value-added on that, are really appreciated. My question might sound political, but I'm trying to be practical about it.

There have been cuts. We had a parliamentary budget officer report that showed some cuts to CFIA, and that's an area I'm very concerned with. We have some major constituents in Guelph, some businesses that see the value of the agency not only as you presented it in your video in protecting our food security but also in helping us with our exports. Our exports have gone from a \$50-billion surplus to a \$13-billion trade deficit, and we want to do whatever we can to try to build ourselves back up to a positive situation.

We've done some pre-budget consultations. They were completed at midnight last night. How can we invest in your area to try to help with situations that might stop the movement of goods from Canada? I'm trying to understand this from the sense of whether it's the border services or whether it's CFIA. We've heard some stories about shipments of live animals being stuck at border crossings for days. I've heard some stories about the inspection of bull semen, for

example, not being done on a timely basis. One recently released shipment was held up since August 18 because of some of the issues like stress on the inspectors and the roles that they're trying to play.

Can you give us a sense of what we can do to help, in terms of investment in CFIA? Is this an area I should be concerned with?

● (1640)

**Mr. Paul Mayers:** Well, as you know, it is not for public servants to comment on policy, and I'm sure you appreciate that.

What I will note is that in the agency we're very aware of areas of pressure that industry stakeholders have identified. In their view, our service is not sufficiently consistent or sufficiently timely. We have a very strong commitment in the agency, as part of an overall strategy of modernization, to improve service standards, to bring greater consistency to how we deliver our programs, and, importantly in that regard, to be clearly risk-based in deciding on priorities and where resources are deployed in response to risk. Included in our consideration of risk is economic risk. It is an important consideration, an important part in the overall role that the agency plays in terms of facilitating market access, which, of course, has a tremendous relevance to the sustainability of agriculture and the continued growth that my colleague just described.

As an agency, we're very focused on improving that service culture. We recognize that relative to our regulatory frameworks, which were elaborated more than 50 years ago, the pace of business today is different. In the video, we mention the importance of advancing a new regulatory framework built on a promise presented by the Safe Food for Canadians Act as an example. We're very focused on where we can, within the context of the resources appropriated to us, deliver excellence for Canadians.

I note in passing that while there will always be points of pressure, issues related to determining how best to respond to those points of pressure can be addressed through the movement of resources among the lines of our business. We're putting a lot of focus on how we do that promptly and effectively in order to maximize the efficiency of our delivery.

However, that said, we continue, even with that recognition of pressure, to be recognized for the effectiveness of our delivery. As some members may be aware, the Conference Board assessment of 17 OECD countries ranked Canada number one in terms of its food safety system. We're proud of that, but it's not sufficient, so we're very focused on how we can enhance it.

● (1645)

**The Chair:** Thank you, Mr. Mayers. Your time is up.

Sorry about that; you just finished.

Mr. Shipley, you have six minutes.

**Mr. Bev Shipley:** Thank you, Mr. Chairman.

It's good to see you again, Mr. Mayers, as always.

On page 7, you say, "As a result, the largest 5% of farms account for almost half of farm cash receipts." I may be wrong in the exact numbers, but it wasn't very long ago that those numbers were that 20% produced 80% of the cash receipts in terms of production.

Do you see that as a trend that will likely continue? I suggest, as you did in the sheet, that the likely reason is that the medium-sized farms and larger farms continue to become more effective because of their ability to take on innovation, whether that is genetics or physical and mechanical innovation. Do you see that as a trend, and why would you see that as a trend?

**Mr. Greg Meredith:** Thanks for the question.

It's something that's quite pertinent to our business, of course. I think I would acknowledge that there is a trend towards larger farms and I think in large respect it's not growth of opportunity. By that I mean that land prices are high, even for small farms. Farmers can exit with a very significant nest egg if they wish, but it's not cheap to consolidate and grow.

I think you're quite right in pointing out that the capacity of an individual farmer or farm family to run a big operation is vastly greater than it was not too long ago, and I'll give you a small example in the sector of dairy and supply management. The average size of a Canadian dairy farm is about 70 cows. That's a limit that most farms can handle themselves. I think it's a limit that reduces productivity within the capacity of an individual farm. One robotic milking machine can milk 70 cows a day, so there's an opportunity through technology for consolidation there. That's a significant benefit for a farmer, who would then not be on 24/7 duty but can monitor his or her milk production remotely. As well, the farmer has all kinds of wireless telemetry to monitor the health of the animal and the productivity of the animal at any given time.

On the crop side, the ability of farmers to use precision measurement of soil health, moisture, and crop advance is exploding exponentially, which gives them a significant advantage over scouting or going out and walking their acres. If you have an 800-acre farm, which I think is the average size of the Canadian crop farm these days, that's tough enough. If you have 5,000 acres, scouting your farm is a significant challenge. Technology is enabling that activity to a significant extent.

**Mr. Bev Shipley:** I think you've helped me lead into my next question. In terms of that technology, on our place scouting is now done by drones in a number of different ways. The equipment that is used now is specific to the drop, to the depth, and to where fertilizer is placed, which is quite a change from what it used to be not that long ago.

I want to take you to page 21. We're looking ahead now 14 years, and look at where the market is. That 5% that produces the greatest percentage of income in our industry will get it from the Asia-Pacific region. To my colleagues, I think that chart alone spells out to us in agriculture the significance of the Trans-Pacific Partnership.

This isn't Mr. Meredith's and Mr. Mayers', but it really lays out the significance of what our industry is capable of doing. We now have less land producing more crops. Once you cover up the land with asphalt, you don't ever get it back. In my area, some of the best agricultural land now has houses and streets on it. That's of concern.

That was more of a comment, but I hadn't seen a graphic showing the significance of it.

I don't know how much time I have, Mr. Chair.

• (1650)

**The Chair:** You have 30 seconds, Mr. Shipley.

**Mr. Bev Shipley:** In terms of processing, can you help us with the reasons that processing is limited in Canada? In Ontario, we know we are losing some of the processing because of the cost of operation. In Ontario we had a large horticulture greenhouse that was starting to grow, but a 200-acre plant moved out of the province next door because of the cost.

Is there something that technology is going to do to help prevent that?

**Mr. Greg Meredith:** I think the horticulture industry, especially the industry as it exists under glass, in greenhouses, is probably one of the more innovative segments of agriculture in Canada. I think there are areas where some significant cost reductions are possible. One is in energy.

The horticulture business is in a very good position to reuse heat energy for electricity and to use CO<sub>2</sub> to provide nutrients to plants. I think one of the biggest challenges for the horticulture industry is the utilization of energy, so alternate energy sources will be very important.

Beyond that, I hesitate to get more speculative. Clearly, horticulture has advantages over open-field cropping systems in areas you just alluded to. Micronutrient detection, moisture management, the management of nutrient introduction, and the management of pests are all in a controlled environment in horticulture. I think there is opportunity for productivity growth and for costs to be contained.

**Mr. Bev Shipley:** Thank you, Mr. Chair.

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

Alaina, you have six minutes.

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

I'd like to thank you people for your presentations today. They were very informative.

I want to delve a little more into the dairy industry. We've talked about milk proteins, which I think are very important. Perhaps you could tell us about some region-specific programs that are working well for the dairy industry. I'm from eastern Canada, so I'd be very interested to hear about some of the programs on a federal level that are supportive of the industry.

**Mr. Greg Meredith:** I'm sorry I can't be very specific, but I can give you some insights into what we do.

From a federal point of view, our main on-farm contribution comes through our cost-shared programming with provinces. I would have to do more work on what individual provinces are doing.

We have a significant number of investments in our cluster work on dairy genetics, and I think Canada is a world leader as a result. Included, by the way, are significant investments from the industry and from producer finance sources as well as from government. The business is not relying just on government but has some significant skin in the game. It comes in the area of genetics and milking systems.

**Mrs. Alaina Lockhart:** To follow up on that, what about specific challenges you're seeing going forward?

• (1655)

**Mr. Greg Meredith:** If you talk to dairy stakeholders, they are concerned about the impact of the various trade agreements we've entered into, providing additional market access for 17,000 or 17,700 tonnes of cheese. Clearly that has cheese producers concerned. It has the people who supply milk to cheese producers concerned.

The relatively small market access that was granted under the Trans-Pacific Partnership is also of concern to the industry, although in our consultations, the issue that Madame Brosseau raised is probably more acute than the market share issues arising from greater market access and greater quota access under TPP. The government understands that and is paying attention to it.

One source of concern is the ability of our farmers to compete with imports. That said, we think there's considerable opportunity for productivity enhancements in the supply-managed sectors. Supply-managed industries can generate a considerable amount of money for research and development. Economies of scale could be taken advantage of. As I mentioned, one milking machine can handle what a normal or average farm is doing these days.

I think there are also underappreciated opportunities in the areas of artisanal cheese and niche or specialty cheese products. Yes, it's a small business right now, but European cheeses didn't start as global-dominant brands. They grew from small businesses with artisanal cheese associated with particular geographic regions. There's no reason Canada can't build on our own advantages in that respect, to build product built on quality and reputation as opposed to simply cost advantage.

**Mrs. Alaina Lockhart:** Artisanal cheese is interesting. What about interprovincial trade on artisanal cheese and other products like that? Is that posing challenges? Do we have a plan?

**Mr. Greg Meredith:** Paul?

**Mr. Paul Mayers:** Interprovincial trade is a critical consideration, and all provinces and territories, along with the federal government, are seized with the enhancement of interprovincial trade in a more predictable context.

One of the considerations in that regard is regulatory. We do have some differences in the Canadian fabric from a regulatory perspective, because of the complementary jurisdiction.

Just as important to the regulatory alignment, which I spoke of earlier in the international context, is domestic regulatory alignment.

That same rich federal, provincial, and territorial engagement my colleague mentioned earlier is being engaged in the regulatory context as well to explore where we might identify and streamline regulatory barriers to have an impact. This is part of a broad discussion that respects local interests while still pursuing the national interest at the same time.

**Mrs. Alaina Lockhart:** Thank you.

**The Chair:** You have 30 seconds. I don't know if you want to have another question.

**Mrs. Alaina Lockhart:** No, that's fine. Thank you very much.

**The Chair:** Joe, do you want to go next?

**Mr. Joe Peschisolido:** Thank you for your presentation.

As has already been mentioned, Canada is diverse in its agricultural products. In my neck of the woods, in my riding of Steveston—Richmond East, there are the natural areas of Delta and the Fraser Valley. The farms tend to be smaller. Quite a bit of it is free-range, non-enclosed, and organic. Hogs, chicken, or cattle are produced. The market tends to be closer to home, either domestically or in Oregon, California, or Washington State.

Is there anything out there, such as programs, that can be helpful to me as a member of Parliament and part of the committee to strengthen the smaller family farms and organic farms that we find in B.C.?

• (1700)

**The Chair:** Please give just a brief response.

**Mr. Greg Meredith:** Briefly, what I would say is that there are opportunities in the area of organic certification and in local markets. Consumers have voted with their dollars to say that their preferences are for organic or local produce. Clearly, there's a niche opportunity there.

I think there's a significant investment that has to be made by smaller farms in intensive situations like that, and with biosecurity. That's where I would hand it off to you, Paul.

**Mr. Paul Mayers:** Absolutely. That's complementary to what I was going to say. We've been working closely with various production sectors, and poultry has been an important one to address the issue of biosecurity. For both the small and large producers, one of the most significant challenges is that question of "Am I going to have a disease situation tomorrow that minimizes my potential to market product?"

Biosecurity is a critical feature. We've worked closely to elaborate biosecurity standards and provide tools to support small producers in terms of being able to make those investments that give greater predictability in market continuity.

**The Chair:** Thank you.

[Translation]

We will now move on to Mr. Gourde.

You have five minutes.

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

I want to thank the witnesses for being here.

Some producers in my riding are very concerned about maple syrup production. I have heard a lot about that in recent weeks.

In December, Quebec's department of agriculture, fisheries and food received a report by Florent Gagné that it had commissioned last May. The report is not optimistic about the future of Canada's maple syrup industry, which is a leading industry in Quebec, New Brunswick and, to a lesser extent, Ontario.

Thirty years ago, it was a cottage industry. Since then, businesses have innovated and developed new, faster ways of harvesting maple sap. That innovation has now been exported to the United States, and American producers have discovered huge potential there.

A decade ago, producers in Quebec engaged in collective marketing, which helped stabilize production and the price. It enabled producers to get a relatively good price and create stability. That price for maple syrup became a global benchmark. Now, though, the Americans have a huge production capacity and are using that price. In the space of just a few years, Canada has seen its production decline from 95% of global production to about 70%. Some even estimate that our share of global production will drop below 50% in 5 to 10 years.

Moreover, under the Farm Bill, the Americans put in place a \$20 million annual subsidy for maple syrup production in the United States. Do you know what that \$20 million is being used for?

What about Canada's Levier program? It is a federal-provincial program administered by Quebec, but 94% funded by Agriculture and Agri-Food Canada. Could it help maple syrup producers grow and develop? They have to either stay as they are or join the global game. At present, they are not subsidized under any program to buy equipment, whereas the Americans are, I think.

How will Canada be able to compete with the American giant?

[English]

**Mr. Greg Meredith:** I must admit that I'm not familiar with the program that you've referred to that provides 94% of the support to the maple syrup industry. I know that we have delegated federal authority to Quebec—and other provinces, for that matter—that allow them to set up opportunities for producers to organize and to market in an organized fashion, which Quebec maple syrup producers have done.

You're quite right in pointing out that there are price pressures, especially in the northeast United States, and some price disadvantages to Canadian maple syrup. I know we have an agri-marketing program that provides funding to small organizations and other associations and not-for-profit groups that represent producers in marketing their products globally.

What I can undertake, Mr. Chair, is to get back to the committee in greater detail about how maple syrup producers could access that. I'll also undertake to pursue the question that you've raised about a federal program in the United States that supports a significant contribution to maple syrup producers and whether we have anything similar to that in Canada.

● (1705)

[Translation]

**Mr. Jacques Gourde:** Could we have some information about the American program? That would allow us to make comparisons and see how Canada could be competitive. We need to see how Canada should position itself in relation to what is coming in the United States.

Twenty years ago, there was no danger. No one was making any money from maple syrup. No one was interested in trying to make maple syrup in the United States. It was a cottage industry, a niche market in Quebec. It was part of our culture. Now, we have exported it and everyone is profiting. I'm not sure we are going to come out ahead.

Thank you.

[English]

**Mr. Greg Meredith:** Given that it's not my responsibility to follow up on that, it'll be done in a couple of weeks. We'll undertake, as a department, to get back as quickly as possible. I'm unfamiliar with the details, so I don't know what kind of a challenge that will be, but our parliamentary relations people tend to be fairly rigorous in their follow-up with committees, so we'll get something back to the chair as quickly as possible.

**The Chair:** Thank you.

[Translation]

Ms. Brosseau, you have three minutes.

**Ms. Ruth Ellen Brosseau:** Thank you, Mr. Chair.

Mr. Longfield asked some important questions about the Canadian Food Inspection Agency. The agency's budget has been cut in recent years.

I don't know whether you can answer this question, but I'd like to know how many employees were doing inspections in 2008, before the listeriosis crisis caused by Maple Leaf products, and how many there are now. Is it more or less the same number? If you can't tell me right now, could you send the information to the committee, please?

[English]

**Mr. Paul Mayers:** I don't have all of the information at my fingertips. The spending within the agency in terms of food safety has grown dramatically since that time. We do publish on our website, as a matter of course, this information, so we can provide that information to the committee in terms of numbers. From the perspective of growth, there has been significant growth in the agency, in particular as it relates to food safety.

**Ms. Ruth Ellen Brosseau:** Then you'll come back with the numbers. The information is on the CFIA's website, yes? I've found information saying that we had more workers before the 2008 listeria outbreak, where we lost, sadly, 22 people, and the forecast for 2016 shows a few less site inspectors.

We were together when we studied Bill S-11, the Safe Food for Canadians Act. Mr. Shipley and I were the last two remaining on the committee. One recommendation from the Sheila Weatherill report was that we would have a third party audit of CFIA. Was that done?

**Mr. Paul Mayers:** In terms of a third party assessment of the agency, we did have a PriceWaterhouseCoopers study with respect to the agency, which was previously reported.

**Ms. Ruth Ellen Brosseau:** I know there were some articles that came out last year that showed inspector presence across certain provinces as being low. In Quebec, some of the forecasts were 33% below inspector presence; in Manitoba, in slaughterhouse establishments, it went from 30% to 57%. Is inspector presence within slaughterhouses and on the ground going to be re-evaluated?

Could you give us information on how many CFIA inspectors are present at border crossings across Canada? I found that in 2014, the frequency of the presence of a CFIA agent in the Niagara region was once in 38 days; in the Windsor gateway, it was once in 30 days; and at Pearson airport, it was once in 60 days. In 2015, it was once in 182 days in metro Vancouver, and on the Pacific highway they haven't been there in a year.

Can you confirm that information right now?

• (1710)

**Mr. Paul Mayers:** I certainly can't confirm the numbers that you were throwing out, but it's important to understand that the consolidated federal presence at border crossings is carried out by our colleagues in the Canada Border Services Agency, and CFIA supports our colleagues at the CBSA on demand. The issue of presence at a border crossing really is dependent on what is coming across that border and what support our colleagues need. In most of the referrals to CFIA, those inspections are carried out inland.

**Ms. Ruth Ellen Brosseau:** Are they trained to do food inspection and animal inspection the same way?

**Mr. Paul Mayers:** CBSA is indeed trained, and CFIA supports CBSA in terms of the training of front-line border inspections. They have the first step. They refer cases to the CFIA when that referral is necessary, and we then carry out further support and inspection on that basis.

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

*Merci, Madame Brosseau.*

We have completed our rounds of questions. If the floor will allow me, I would ask one question. I've seen it done in other committees. That's why I'm asking. I'm just curious, as a farmer myself—

**An hon. member:** Absolutely.

**The Chair:** It will be a short question, because I'm talking about small farms.

**Some hon. members:** Oh, oh!

**The Chair:** In my province, as we see across the country, there are the organic and specialty growers, with small family farms making specialty cheese and such. I know that when we talk about the average value of a farm, we're talking about a couple of million, but for these we're not talking about quite as much. I think the net take-home income is still significant enough to permit farmers to live off a small family farm. They're very highly productive.

How does Agriculture Canada do this? Do you segregate these? How do you look at these smaller farms we're seeing that are run by

very young farmers? I know that in my area, they're organic, especially, and they're smaller farms.

**Mr. Greg Meredith:** That's a complex question. I think I alluded earlier in my presentation to the challenges of diversity. From the perspective of our international trade obligations, our programs that deliver in-support funding—what we call business risk management programs—have to be designed to be whole-farm. In other words, they can't be directed at, say, the horticulture farm or the cow-calf farm. They have to be whole-farm. They have to be regionally available. You can't have one regional area having access to a program that another doesn't.

That sometimes makes it challenging for small farms to access those programs. We're looking at how those business risk management programs are working right now, for two reasons. One is that federal, provincial, and territorial ministers tasked officials to do that back when they established Growing Forward 2, but on top of that, the current government has directed my minister to look specifically at business risk management programs to determine if they're working for all farms.

That's one area. The other area is the issue of certification.

I won't impose on Paul as I did before, chicken heart that I was. [*Technical difficulty*] ...recognized, with the backing of CFIA, even though it's voluntary. I think that's very important for small niche farms.

We also have a program called the Canadian Agricultural Loans Act program, or CALA. I'm a bureaucrat, so I remember acronyms. The point of the program is to make funding accessible to young farmers who are purchasing assets such as on-farm capital assets. CALA is designed to facilitate the entry of young farmers, regardless of scale. It's scale independent.

I think the other source of support is in the cost-shared programming, to which we contribute 60 cents on every dollar for each province. We have agreed with provinces that we've established a series of policy outcomes that we all adhere to, but we've given provinces flexibility in how they reach those outcomes.

I would guess that most provinces have programming that is designed to help small farms stay productive. You're quite right that a family running a small farm may not be able to live exclusively off that farm, but generally speaking they can have a profitable farm, and that's supplemented by off-farm income.

• (1715)

**The Chair:** I thank you very much.

For my invited guests, let me say that this was a great presentation. I'm sure that we've all learned from it. As I said, I've been involved in farming all my life, but when I look at the spread of our country, I think agriculture touches all sectors. This has been very informative.

If you don't mind, we will suspend for two minutes to allow our guests to leave, and then we'll resume our business of the day.

• (1715)

(Pause)

• (1720)

**The Chair:** We shall resume our meeting.

Just to remind you, we're in public. This is not in camera.

I have one motion that we need moved.

[*Translation*]

I will read it:

That the Committee cover the cost, up to a maximum of \$75, for the gift offered to the representative at the working lunch on Monday, February 22, 2016, with the delegation from the Mexican Secretariat of Agriculture.

[*English*]

All in favour?

(Motion agreed to)

**The Chair:** Thank you.

The gift that he gave me is a book. I haven't had a chance to read it, but if anybody is interested in looking at it, I could certainly bring it to a meeting.

You all have a proposed schedule that we can look at if you wish. As you see, there are dates on the schedule for the month of March. We have March 7, 9, 21, and 23. We can start by filling March 7, if you wish. We have about another 10 minutes.

Go ahead, Mr. Warkentin.

**Mr. Chris Warkentin:** There are two things that should be in our view.

Supplementary estimates have to be reported back to the House by March 21, so the only two dates to review and vote on supplementary estimates would be March 7 and 9. It would be better if we did it on March 7, just so that days don't get moved around and we miss the opportunity to review the estimates before they're referred back to the House.

The other thing is that main estimates are available as of today, so we'll want to schedule that in. It is customary for ministers to be here to defend the estimates, both supplementary and main.

**The Chair:** That is one suggestion.

[*Translation*]

Is there anything else that could be added to the agenda?

[*English*]

Are there any other thoughts?

**Mr. Francis Drouin:** I don't want to propose to go into something that's in a study, but I think—to Madame Brosseau's point, and I know for me as well—milk protein is extremely important. I'm sure I can get the support of my colleagues and hopefully of Madame Brosseau. I don't know if it's a study, but I think that we at least need to have more information from the departments that are involved in this issue to find out what the strategy is. Perhaps we can get some recommendations.

**Mr. Chris Warkentin:** I think that sounds like an interesting day. We could have have some witnesses come from the department to give us a briefing on milk proteins.

I would propose that on March 7 we invite the minister and the departmental officials to do supplementary estimates so that we can vote on those and get them back to the House by March 21. On

March 9, I propose that we hold a milk proteins discussion and hear from officials with regard to the challenges that have been identified by different members. That would at least fill up those two days.

**The Chair:** Go ahead, Madame Brosseau.

**Ms. Ruth Ellen Brosseau:** I'm all for looking at the issue of milk proteins, but I think the industry has proposed some solutions. This is a problem that has been going on for over two years. I don't know who we would invite. I know my constituents in Quebec, where we have Union des Producteurs Agricoles. I'm sure you have all met with the Dairy Farmers of Canada. Those are the experts, right?

We just had CFIA and Department of Agriculture and Agri-Food officials, and they couldn't tell us. I'm not against having a meeting; I'm just weighing the pros and cons. What is going to come out of it?

Maybe the parliamentary secretary could speak about what's going on. You probably have an inside scoop, right?

• (1725)

[*Translation*]

**Mr. Jean-Claude Poissant (La Prairie, Lib.):** Ultimately, more than one department is involved, which is why it would be interesting to hear from officials with the Department of Global Affairs, as well as customs officials.

**Ms. Ruth Ellen Brosseau:** Yes, if they are available.

What we want is action.

**The Chair:** Mr. Drouin, would you like to add something?

**Mr. Francis Drouin:** I hear what you are saying, Ms. Brosseau, but I would point out that the committee did a study in 2006 and proposed a strategy that did not work. The problem of milk proteins or diafiltered milk has been around for a long time. We are still talking about it in 2016, and I hope we will finish talking about it in the upcoming term.

I would just like to understand the history to ensure that the department and the committee have a good idea of the strategy that will be adopted to address this issue.

[*English*]

**The Chair:** Go ahead, Mr. Longfield.

**Mr. Lloyd Longfield:** Thanks for reminding us that we're not in camera.

I know of an opportunity that's a capital investment for Canada around milk protein. It might be informed by some of the work of the committee if we're able to attract that investment. We've touched a little bit on, and I think we'll continue to touch on, the economic opportunities that might present themselves to this committee and how we can help to coordinate some of those activities, either by bringing in the experts from the field or bringing back some more experts from the ministry, if there's a blockage.

**The Chair:** Go ahead, Joe.

**Mr. Joe Peschisolido:** Mr. Chair, I'd also like to have an opportunity to go back and have a good conversation with Mr. Mayers on the workings of CFIA. I was intrigued by Madame Brosseau's questions. Due to time, there was an inability to answer questions on inspectors.



Basically, I'd like a systematic look at how the CFIA works, for two reasons. Number one, I think it's important for the branding of our exports. I think consumers also want to get a sense of how the animals are treated, and also the safety component. They want to know that what they're eating is healthy. I don't think we got a full sense of it from Mr. Mayers.

I don't know about the timing of it. I think, though, I'd like to have Mr. Drouin's proposal first, because I think that's more time sensitive. Then at a certain point, I'd like to have a systematic look at how the CFIA works.

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

Mr. Warkentin is next.

**Mr. Chris Warkentin:** We are looking into the longer term, but I still think it's important for us to have an opportunity to take a look at Trans-Pacific Partnership. Obviously the ministers, both the agriculture minister and the trade minister, have made great and extensive comments about the necessity for consultation with specific industries. I think we could play an important role in terms of having a conversation across this country on the impacts and the benefits of the Trans-Pacific Partnership, as it can now be reviewed.

It is a timing issue, though, because if we want our consultations to have any impact on the decision of the minister, we would have to be expeditious in getting it done before she makes her final decision. I would recommend that we undertake a consideration of that study. There's opportunity right away to start with a couple of these one-offs, but if we're looking at a longer study, one that's time-sensitive would be on the issues surrounding TPP.

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

Go ahead, Joe.

**Mr. Joe Peschisolido:** I would echo Mr. Warkentin's comments. I think we need to do that.

**The Chair:** If we want to fill in the blanks, we'll need to come up with a proposal as to what we want to do on March 7.

Mr. Warkentin.

• (1730)

**Mr. Chris Warkentin:** I would propose a motion.

I don't want to lock you, as chair, into any specific dates at this point. I think we would trust you to determine, with the clerk, the availability on these different things. I think there's consensus with regard to the milk proteins discussion. Maybe if different members have different suggestions in terms of who would be good witnesses, we can all feed that in. If we had a panel of people for two hours, I think that would be sufficient, at least to get the understanding of what the issues are.

I think the supplementary estimates can be boring for members, but I think it's a responsibility to review the supplementary estimates of every department. We have a responsibility to do that before March 21, because they need to be reported back. If we don't do that, then they're deemed reported without our having looked at them, which we don't want to have happen. I think we could fit in those two different meetings between March 7 and March 9.

If there's a willingness, and I'm sensing there might be, we can start on a study with regard to the impacts and the benefits—we can wordsmith whatever the consensus of the committee will be—of the Trans-Pacific Partnership and the impact and benefits for Canadian agriculture. Different stakeholders in every part of this country have different views on the TPP. They have the text. The minister has said that we're going to have comprehensive hearings. I think we could play an important role in doing that.

We could maybe meet as a subcommittee. We might take half a meeting for supplementary estimates, and then for half a meeting we'd do an in camera subcommittee meeting and start to put some meat on the bones of what a study might look like.

That's what I would propose. I'm happy to consider any amendments or thoughts with regard to that idea, but I think that might be a constructive way to move forward.

**The Chair:** Are we in agreement? Would the subcommittee meeting take up a whole meeting? What's your experience?

**Mr. Chris Warkentin:** I think it would be a full hour. If we had one hour on supplementary estimates, I'd love to have the minister here for that. We would want officials here at least. If the minister is unavailable for that meeting, that would be fine. We expect the minister will come here on his mandate, and he'll be expected to come here on the estimates. We can invite the minister, and if he can't be available, we can at least have the officials here for one hour, and then have the subcommittee meeting.

We'll leave it to you, though, Chair, to determine which day works for which, based on the availability of other witnesses.

[Translation]

**The Chair:** Are we in agreement?

[English]

**Mr. Francis Drouin:** Yes. Maybe the subcommittee can meet first thing on the 7th when we're back, for one hour, and then in the second hour... I'm not sure we'll have time to go into the supplementary estimates.

**Mr. Chris Warkentin:** I think that would be sufficient time.

**The Chair:** Is everybody in agreement for the 7th, and we can have the other...?

[Translation]

Ms. Brosseau.

[English]

**Ms. Ruth Ellen Brosseau:** I totally agree that we should move forward with what was proposed, but I just hope that we could still follow through with an evaluation and more talk on CFIA afterwards, after the TPP thing. I know we studied CETA in the agriculture committee, and we did a report with recommendations. It is going to be important to go over it. It's important for the agricultural sector to look at the positives and the negatives for dairy. However, CFIA is a big issue that I think we need to look at for Canadians and for agriculture and our farmers. We need to make sure they are staffed adequately and what not.

**The Chair:** Okay, so we have the—

**Mr. Joe Peschisolido:** Could we do all three?

**The Chair:** We're good for the 7th, and then we'll have a subcommittee meeting to decide when we'll bring them in. Are we all good on that?

Alaina.

**Mrs. Alaina Lockhart:** When we get back to milk protein, somewhere down the road, I think the Canada Border Services Agency should also be part of that panel, too.

**The Chair:** We have a lot of work to do. Just to make the job a little bit easier, should we try to invite them on the 9th to look at milk protein?

[*Translation*]

**Mr. Pierre Breton:** I'd like to raise one last point.

With regard to milk proteins, do we suggest witnesses for March 9?

How does that work?

• (1735)

[*English*]

**The Chair:** Are we all in agreement? Okay, so be it. I think for today we all have other meetings.

Please send in any witnesses' names you have, and we will see how many we can entertain.

**Mr. Chris Warkentin:** I just want to ask that the clerk distribute any correspondence to the committee to all members of the committee. My vice-chair and I share responsibilities in many capacities, and it would be nice if we could get that correspondence sent directly to each member. I think it's helpful for every member to get any correspondence that comes to the chair.

I'd appreciate that. Thanks so much.

**The Chair:** Do we have a motion to adjourn?

**Mr. Bev Shipley:** I so move.

(Motion agreed to)

[*Translation*]

**The Chair:** Thank you, everyone.

[*English*]

Have a good constituency week. We'll see you on the 7th.

The meeting is adjourned.

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