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Chair

Mr. Pat Finnigan

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•(0845)

[English]

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

This morning, pursuant to Standing Order 108(2), we are studying supplementary estimates (B) 2016-17: votes 1b, 5b, and 10b under the Department of Agriculture and Agri-Food.

We have with us today the Honourable Lawrence MacAulay, Minister of Agriculture and Agri-Food.

Welcome, Minister MacAulay.

We also have as a witness for the Canadian Food Inspection Agency, Mr. Harpreet Kochhar. He is the chief veterinary officer for Canada, and associate vice-president of the operations branch

Welcome, Mr. Kochhar.

With the Department of Agriculture and Agri-Food, we have Mr. Greg Meredith, assistant deputy minister of agriculture, strategic policy branch.

Welcome, Mr. Meredith.

We have Monsieur Pierre Corriveau, assistant deputy minister of the corporate management branch.

[Translation]

Mr. Corriveau, welcome to the committee.

[English]

We also have Mr. Rosser Lloyd, director general, business risk management programs directorate, programs branch.

Welcome here today.

Minister MacAulay, we will leave it to you to start. You have the floor.

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

Bonjour tout le monde.

I want to take this opportunity to thank the committee for its outstanding work to support the agricultural sector. I know you've been working hard recently on Canada's next agricultural policy framework, and I've been hearing from many agricultural groups and Canadians. I want to congratulate you for your dedication to this important topic for our agricultural sector, and I look forward to reading your report when it's finished.

I also appreciate your concern on the bovine TB situation in Alberta and Saskatchewan. It's a very difficult situation for our producers. As the investigation proceeds, we are doing everything we can to minimize disruptions to producer businesses while ensuring the protection of human and animal health.

We are exploring all options to producers whose farms are under quarantine. We are working hard with Alberta to implement an AgriRecovery initiative as quickly as possible to cover extra costs faced by producers experiencing this income decline. This would help provide financial assistance for extraordinary costs related to feed and water infrastructure, feed for the animals, transportation, as well as interest costs on loans due to the circumstances. Producers can also access immediate help to cover the costs they are facing under the advance payments program.

I have instructed my department and the CFIA to ensure that all those affected have the latest information as it becomes available. We have approved having a feedlot set up for quarantined calves and are working with the industry on this. Once they identify a suitable location, we can begin the work quickly.

I want to assure the committee and all those affected by this terrible situation that we will spare no efforts in helping get our world-class cattle producers back on their feet again. Being a farmer, I understand the difficulty of this situation and the pressures these ranchers are facing.

Moving on to today's topic of the supplementary estimates, our government is pleased to work with you to advance Canada's agriculture and agrifood industry. Our commitment to the sector is shown in the supplementary estimates you have before you. The estimates have increased by over \$23 million, to a total of \$2.34 billion.

This will support joint initiatives under Growing Forward 2 with the provinces and territories. These are targeted at competitiveness, market development, innovation, adaptability, and industry capacity; the agricultural youth green jobs initiative; and investments under the AgriMarketing program to support our free trade agreements and negotiations, and to work with industry to open doors in global markets.

Today I'm also pleased to update the committee on our government's work for the sector since our last meeting, specifically our work on three important priorities—trade, innovation, and the next policy framework.

As you know, trade is vital to the success of the sector. Canada exports about half of the value of its entire agricultural food production. Canada is a top-five agricultural food exporter, with exports hitting new records every year, so it was tremendous news when the Prime Minister and the president of the EU signed CETA.

CETA will eliminate tariffs on virtually all Canadian agrifood exports to one of the world's largest markets for food. CETA could boost Canada's agriculture and food exports to the European Union by \$1.5 billion. That's good for our farm businesses, good for jobs, and good for economic growth across the country. Our government has introduced legislation to implement this landmark agreement under Bill C-30. At the same time, we're supporting our supply management by helping Canada's dairy industry adjust to increased access to European cheeses under CETA. We have consulted closely with the sector on the best way forward.

Three weeks ago, we announced a federal investment of \$350 million to help dairy producers and processors adapt to CETA through investments in new equipment and technologies. Our goal is to help Canada's dairy sector grow and thrive so that it can take advantage of new market opportunities and address domestic and international pressures. We are working with the Canadian dairy sector to make it more competitive and to make sure that Canada's supply management remains strong for generations.

● (0850)

In the coming weeks, we will consult with the dairy sector to seek input on these programs. Both programs will be in place when CETA comes into force. We have also moved to support supply management initiatives such as the duties relief program and spent fowl.

Canada's Border Services Agency has sanctioned five users under the duties relief program who were improperly selling supply management commodities in the Canadian market without reporting these sales and without paying the required duties. We will sit down with industry to look at potential changes to the duties relief program and the import for re-export program. We will look at specific options regarding certification requirements for imports of spent fowl while ensuring that any such requirement would be fully consistent with Canada's international trade obligations. At the same time, officials are addressing the feasibility of a DNA test to screen imports of spent fowl at the border.

Mr. Chair, this is another example of our government's support for the supply management program. Along with Europe, another key market for Canadian farmers and food processors is China. I am just back from a major trade mission to China. We showcased Canada's world-class food, beverages, and seafood— from blueberries to beef, canola, lobster, and maple syrup—with a focus on the rapidly growing e-commerce market.

I was pleased to host events and attend trade shows to promote our products. Industry representatives have reported that these events have led to some \$37 million in on-site sales and \$230 million in anticipated sales over the next year.

Canada is China's second-largest customer for agriculture and agrifood with a middle class growing by the population of Canada every year.

We have set a goal of doubling the trade between the two countries by 2025. We have also agreed to expand access to Canadian beef to China as well as to continue canola exports, which average \$2 billion a year.

Colleagues, when we talk trade, we must talk transportation, as they go together. You can't have one without the other. That is why our government would introduce legislation to strengthen Canada's rail transportation system, address key industry concerns such as reciprocal penalties, better define adequate and suitable service in the Canada Transportation Act, and improve access and timelines for the Canadian Transportation Agency decisions. In early 2017 we will also address the future of extended interswitching limits and the maximum revenue entitlement. Farmers have certainly indicated their appreciation for the steps we are taking. Our government will continue our work to improve the grain transportation system in this country.

Innovation is also critical to ensuring the sector can continue to take advantage of global market opportunities and keep the industry on the cutting edge. As you know, innovation is very important to our government and to me. Research and development lies at the heart of Canada's global agricultural success. Our ongoing private and public sector investments in research will be critical to Canada's ability to help feed the world and keep Canadian agriculture on the cutting edge.

For example, last month in Vineland, Ontario, I announced a federal investment of up to \$920,000. This initiative will help Vineland Research and Innovation Centre develop tomato and apple varieties that are resistant to disease. That will help both the environment and the farmer's bottom line while boosting productivity for domestic and export sales.

We continue to strengthen the Canadian agricultural sector through key investments in discovery science and innovation. Our government is also investing in programs to help farmers take action on the environment, including a \$27-million investment in the agricultural greenhouse gases program.

Mr. Chair, your committee is continuing its work on the next agricultural framework. Promising opportunities lie ahead for the Canadian agriculture and food industry.

● (0855)

A rising population and rising incomes will continue to drive demand for Canada's world-class food. We continue to hold extensive consultations with the industry, provinces, and territories. I know you are doing so as well. We certainly look forward to the result and looking at your study.

I look forward to working with you and all stakeholders to help Canadian farmers and food processors continue to keep Canadian agriculture strong and growing.

Mr. Chair, I thank you very much. *Merci.*

The Chair: Thank you very much, Minister MacAulay, for updating us on the department's activities and on local and international issues and business.

We'll start the question round with Mr. Anderson, for six minutes.

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

I want to thank the witnesses for being here.

Thanks, Minister, for being here. We like you so much when you come here that we'd like you to stay even longer. I'm sure we'll be inviting you back again.

You talked a little bit earlier about feed assistance and the use of the AgriRecovery program. What's the timeline on the feed assistance program? When can ranchers expect to see some of their additional costs covered by that program?

• (0900)

Hon. Lawrence MacAulay: Thank you very much, Mr. Anderson. I appreciate your question.

As you know, it's a great concern for the government. I have been working with the Province of Alberta. Within a few days, hopefully.... It's hard to put a timeline on it, but we understand the importance of this to farmers. Being a farmer all my life, I understand the problem with expenses, not being able to ship animals, and having to buy feed. All of these are pretty important issues when it comes to a ranch where there's probably no TB—or hopefully no TB—but of course they're quarantined.

I can assure you that I've instructed CFIA to work to make sure that the feedlot is put in operation as soon as possible.

Mr. David Anderson: Can I ask you what's being budgeted? You have two components to the allocation. One is the compensation per slaughter of the index herd. That's regular programming. What's being budgeted for that, and what's being budgeted for the added feed costs?

Hon. Lawrence MacAulay: I don't have the exact figure, but we're working on it. There are a number of components to what we are going to do. I do not have the exact figure, but it will be announced very shortly, when we get it all pulled together. What I'm trying to do, as much as possible, is to understand the situation as it is and the financial restraints that are on these ranchers.

Quite simply, I do not have the figure, but I can assure you that we're working on it.

Mr. David Anderson: Okay. We'll look forward to that.

One of the things we need assurance on concerns past examples of where ranchers were stuck with the feed costs. I know people who have gone broke because they were stuck with the cost of feeding animals that weren't even their own. The CFIA walked away. They wouldn't help them in any way. They just basically said it wasn't their responsibility.

I'm glad to see a government that's responding in this way. I hope it will be adequate.

Hon. Lawrence MacAulay: I just want to answer that, and I thank you very much. I can't answer for previous situations, but in this situation, I think it's fair to say that CFIA has been reporting frequently to you and provincial governments across the country to make sure that everybody is kept abreast of what's taking place.

We want to make sure that this problem is addressed as quickly as possible and as efficiently as possible. We want to make sure that the ranchers are back on their feet and able to continue.

Mr. David Anderson: I actually just have to correct you a bit. We have not been happy with the amount of information we've been receiving. One of the reasons we brought the ranchers down here last week was so that they could tell their story. We asked for a briefing and we got one phone call: that's pretty much all. We had to ask for a second briefing. I was told I needed to talk to the minister's office. They wouldn't talk to me. I see that in the last day or so, I assume because you're here, we got a call from the office saying that they'd now like to do a briefing with us.

So the communication has not been what it needs to be. It's been what we expected, I guess. Ranchers have been frustrated as well.

I actually should bring up another issue. Last week, when the ranchers got back, basically the beef industry got the message from CFIA that the ranchers shouldn't have been here: they went too far in their conversation. I'm wondering, did that direction or that conversation from CFIA come from your office?

Hon. Lawrence MacAulay: No.

Mr. David Anderson: Mr. Kochhar, did that come from your office?

Hon. Lawrence MacAulay: I can assure you that if any rancher or any farmer wants to contact CFIA or me at any time, I'm fully open, and I think most farmers I have met would agree with that.

I'm truly sorry if you have not been informed quickly enough. What we're trying to do is make sure that the issue is addressed as quickly as possible, that the farmers have the money in their pocket.

I think if you check with the Province of Alberta and the farmers, they would agree that there has been good contact between CFIA and themselves. But looking at this serious situation that's affecting quite a number of farmers, the end result is what counts: to make sure they are back on their feet and adequately supplied on feed costs. That's why we're opening the feedlot. I've asked CFIA to open the feedlot. We can't pay 100% of everything, but about 90% of most things will be paid for. I think farmers would agree that this is pretty reasonable.

Mr. David Anderson: Okay.

Hon. Lawrence MacAulay: I can't help what was done in the past. This time it will be done.

Mr. David Anderson: In the past with the Avian flu, I understand there have been command posts. Producers have been on site on those command posts. That has not happened here. You've talked to industry. Producers are extremely frustrated. I can tell you that they are not getting information. They're as frustrated as they can possibly be. They're starting to have community meetings because they don't know what's going on. Somebody needs to do a better job of communicating on this thing, and it needs to start now. CFIA does not have a good reputation out there. They could be doing a lot to improve that, and that's not happening.

I want to switch to another topic, and that is testing. I understand that the lab in Lacombe is no longer being used. When we had capacity to check fifty reactors, I understand a week, that was not being used to full capacity. I understand that lab...the access is restricted. What are you doing to get that backlog of reactors out of the system so we can get the quarantine off on these ranches?

• (0905)

Hon. Lawrence MacAulay: Thank you very much. That's a good question, and I'll let my CFIA counterpart, Mr. Kochhar, answer it.

Mr. David Anderson: As well, are there other labs available? You've only been using the one. I understand others are available and they have not been used.

Dr. Harpreet Kochhar (Chief Veterinary Officer for Canada and Associate Vice-President, Operations Branch, Canadian Food Inspection Agency): Thank you.

I want to go back a little bit to Mr. Anderson's earlier comments on both the communication and the lab component. For the lab component first, we have the laboratory network, which allows us access to provincial laboratories as well as federal laboratories. Lacombe laboratory is one of them. The ability for us to actually get those samples up to them has been very much improved, to the point that any information related to the samples is actually provided to the laboratory and the laboratory continues to work to its capacity. So we have added capacity. We've spread it around so that there is no delay; after the samples have been collected, the testing is done.

Mr. David Anderson: But Lacombe has only been—

The Chair: Thank you, Mr. Anderson

Mr. David Anderson: —used at full capacity for one week in the last month.

The Chair: Mr. Anderson, thank you so much.

Mrs. Lockhart, for six minutes.

Thank you.

Mrs. Alaina Lockhart (Fundy Royal, Lib.): Welcome, Mr. Minister and CFIA representatives. Thank you for being here today.

As you know, Fundy Royal is known for its dairy industry. I've been talking to many farmers after the signing of CETA. I'm wondering if you could expand on what has been put in place to ensure that supply management is protected with trade deals like CETA, to make sure the dairy industry remains competitive.

Hon. Lawrence MacAulay: Thank you very much, Alaina. I appreciate your question. Being a dairy farmer before I came here, it's certainly important to me.

I'm very pleased that the Government of Canada and I had the privilege to announce \$350 million. This was done after consultation with farmers right across the country. What we did over the last number of months was to meet with agricultural groups and dairy processors from right across the country. With these consultations, we came up with this package. It's \$350 million, and what the industry felt needed to take place in general was innovation and to make sure they were ready when CETA comes into play, and also to modernize the manufacturing sector, the processing sector, and the dairy industry overall. The \$250 million over five years to help dairy farmers innovate is, in my view, a great package.

Now, we have to sit down again with the dairy farmers and decide just how this package will be implemented, but I'm sure it will be a great asset. Having been involved in agricultural programs years ago, I understand exactly what an asset these can be for the dairy producer. What it will mean is they'll produce, hopefully, more milk for less money. That's what we have to be able to do.

On the processing side, I have to say that the farm side was interested in the processing side too. They understand how important it is that the processors are able to deal with this issue. The \$100 million over four years for the dairy processors was well received. As we know, there will be allocations of cheeses allowed into this country. This will allow our processors to innovate and be able to produce high-quality cheeses themselves. Of course, I have great faith, as I'm sure the whole committee does, in our processing sector, and in general the supply management sector.

Anyhow, what we have to make sure of is that all sides of the supply management sector, specifically in the dairy industry, remain strong, and with this \$100 million, it will allow the processors to invest more into their operations and be able to produce different products that will be for sale.

We have to realize, too, that with CETA, the 700 million people in Europe are available. They are customers for us too, overall. I think we have a pretty aggressive processing sector that will probably become more aggressive and, hopefully, more beneficial to the dairy industry. It just means more money for the dairy farmer and more money for the processor, which means a better economy.

• (0910)

Mrs. Alaina Lockhart: You spoke about the opportunity that lies with the 700 million consumers in Europe. What are we doing here at home and abroad to ensure that our agriculture products are in those markets and are well received?

Hon. Lawrence MacAulay: Number one, as you're aware, with the government today, innovation is a big issue. In my letter from the Prime Minister, innovation is certainly mentioned strongly, as it is in other letters. If you look at Navdeep Bains' department, you see that there are billions of dollars there. Some of it will be available to the agricultural sector.

It's so important that we be able to innovate and be ready for the opportunity that comes from the CETA deal. It looked at...we could end up sending \$600 million more in beef to the European Union and \$400 million worth of pork, and that's certainly a great asset to the pork industry; and there are the grains and oilseeds and many other products that will be produced by the agricultural sector.

It just opens up a wide market. As you're fully aware and everybody at this table is fully aware, Canada exports half of what it produces. We want to produce more and export more. We are an exporting nation and will continue to be an exporting nation.

Mrs. Alaina Lockhart: I have just a short amount of time, but some of the feedback I've heard from farmers in my area and that we've heard here from stakeholders concerns the difficulty of recruiting new farmers to agriculture, new participants.

I think there is a program called career focus in the estimates; there is about \$2.5 million there. Can you talk about any other programs that are there to encourage new farmers?

Hon. Lawrence MacAulay: It's not in today's estimates, but we announced a youth in agriculture program that employed 175 people. We're putting a number of programs in place over the next year that will help employ and encourage people to come into agriculture.

I just had meetings in Truro at the Truro Agricultural College, and it was streamlined out; there was a lot of interest in it. What we're trying to do is make sure that people understand the importance of agriculture; make sure they know where food comes from, and particularly in the urban areas. If you look at what's taken place over the last 100 years, it's shifted totally. It used to be 80% rural, and now it's over 80% urban.

What's important is that we have programs such as 4-H and Agriculture in the Classroom. These types of programs are important so that urban people truly understand the importance of and what is involved in producing the product, and understand how the products are produced, whether it's animals or plants, and the humane effort put into it; also to indicate how the environment is dealt with—how we deal with and how we put fertilizers on the property, and how we want to make sure that the fertilizers are absorbed by the plants and not just wasted. That is great for the environment and is also very important for the bottom line for the farmer.

The Chair: Thank you, Mr. Minister and Ms. Lockhart.

[*Translation*]

Ms. Brosseau, you may go ahead for six minutes.

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

I want to thank the minister for being here today and for answering the committee's questions. I'd also like to thank the CFIA official and the others who are joining us today.

Minister, I'd like to discuss the Liberal government's transition and compensation plan for farmers.

You promised to invest \$350 million to compensate farmers. That investment is in the form of a fund and the support is conditional. That's a long way from covering the losses of our farmers. They are going to lose huge amounts of money, particularly farmers in Quebec.

Quebec's dairy farmers are asking for \$750 million in additional assistance. Earlier today, you said that, further to your consultations, you had determined that \$250 million for producers and \$100 million for processors over a period of four years were sufficient investments. The industry, particularly in Quebec, is not satisfied with those measures and sees them as nothing more than smoke and mirrors. Producers in my riding are extremely frustrated at the massive losses this agreement is going to cause them in the long run.

Can you tell us why Quebec dairy producers are asking you for \$750 million more in assistance?

• (0915)

[*English*]

Hon. Lawrence MacAulay: Thank you very much for the question, and I'm not surprised. To be fair, I have travelled right across the country, and I have met, for example, the young farmers in your province who are very concerned about the future of supply management. What I heard right across the country was for the future, the next generation, to make sure that supply management remains strong in this country. That's what we heard.

When I started this, I indicated we would have a transition fund in place in order to make sure that it would be easier for the supply management sector—in particular the dairy sector, in this instance—to adjust to CETA when it comes into play.

It's important to note on this, when you hear from farmers right across the country and they ask you for a program, that it's pretty important that you put this type of program in place. As I explained previously, what farmers felt needed to happen was that their farms needed innovation. They need more innovation dollars. They need to be able to compete with CETA when it comes into play. In that instance, that's exactly what we did. Of the \$350 million we put in place, \$250 million was put in place for the farming sector, for the farmer right across the country, and this program, with the farmers, will do nothing but innovate the dairy farmers, and that's what was asked for across the country.

Ms. Ruth Ellen Brosseau: I'm sorry, Minister, I don't have much time.

Hon. Lawrence MacAulay: Ruth Ellen, just on the process—

Ms. Ruth Ellen Brosseau: I know you're going to talk it out—I'm sorry—but I can tell you that farmers I represent are not happy. They're not satisfied. They don't feel they are listened to.

Just a few weeks ago I went to a *fromagerie*. They've celebrated 15 years. They've invested \$1 million to remain competitive. It's an amazing business. They win international prizes, and they beat out cheeses in Europe regularly. They've invested, because they knew this was coming, but with this \$100 million over four years, they're not going to have access to this aid for value-added transformation, and they're frustrated. Farmers that I represent are not happy with the compensation or the investments you have put forward.

I have to bring up diafiltered milk, because you didn't bring it up in your speech earlier today. This is an issue that I know you're going to say you've inherited from the Conservatives, but it's been going on for a long time, and it is just federal jurisdiction. When a diafiltered product come over the border, it is considered an ingredient. When it goes into cheese making, it's considered a milk. Why hasn't this issue been dealt with? It's been over a year since you've been the government, and this issue is causing \$231 million in losses. It is huge. I'm wondering why you haven't acted. This is putting our farmers in a terrible position, and it is your responsibility to deal with it.

Hon. Lawrence MacAulay: Thank you very much. I appreciate your question, and I'm again not overly surprised.

I think in the first part of your question, you basically answered the question when you indicated that farmers have already invested millions of dollars. I have to say that in my area...not two or three miles, as we say, as the crow flies, there was a barn built that's probably the most modern dairy farm in the world. The fact is that people do believe that their government is going to make sure that supply management remains strong. If farmers in your province have invested millions of dollars, business people normally do not invest unless they have faith in their country, their government, and their system. I can assure you that when you have people investing this kind of money, they certainly have faith in the supply management program. I have dealt with it and worked under it, and I really think it's a great program.

You mentioned, too, who will be eligible and who will not be eligible. We'll be sitting down with farmers to see. Normally programs are not retroactive, but we will be sitting down with farmers across the country, or the farm organizations, to decide. With them, as we have done in order to put this package together, this will be put together the way that most people....

It's pretty near impossible to put a program in place that every last human being will agree is absolutely right and has absolutely enough money. I've been in politics a long time, and I've never heard them say, "No, that's a little bit too much."

• (0920)

Ms. Ruth Ellen Brosseau: I'm sorry, I want to talk about diafiltered milk—

The Chair: Thank you, Madam Brosseau.

[*Translation*]

Thank you, Ms. Brosseau.

[*English*]

Hon. Lawrence MacAulay: The fact is that the program is what the farmers have asked for. And I have to admit that I appreciated your question.

The Chair: Thank you, Minister MacAulay.

[*Translation*]

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

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

Thank you, Minister, for appearing before the committee today. I'd also like to thank the department officials for being here.

There is no doubt that CETA is excellent news for Canada's agricultural sector, giving us access to a market of some 700 million potential customers. It's probably one of the world's biggest markets.

I would like the minister to explain how the government plans to advocate on behalf of all Canadian producers in order to promote overseas exports.

[*English*]

Hon. Lawrence MacAulay: Thank you very much for the question. It's truly a good question, and having just come back from China, having been in this business for a while, and having been at a number of trade shows around the world, I know it's vitally important that people understand what we have. It's so important that the world understands what we produce. I truly like your question.

What they need to understand is that it's the regulatory process that we work under. We work on a science-based regulatory system, and in the end the buyer is the one who's in charge and becoming more in charge. They decide even more than government sometimes what will be used, how a product will be produced, and this type of thing.

What we need to do as a country is make sure that the EU in particular, in this instance, understands exactly what we have. The government is important, but it's also important that the consumer understands what we have in Canada, how our crops are produced, what's put in place in order to produce seeds that are better for the environment, and what's put in place in order to make sure that they use less fertilizer.

On the animal side of the issue, consumers should know how they're produced under humane conditions to make sure they're slaughtered properly, to make sure all the regulatory process is followed, and they understand what our regulatory process is.

When they come to see, let's say the piece of beef or fish or whatever it is in the cooler, and they see the Canada brand, what we need to do is to make sure that's the brand they want. They want the Canada brand because we have the best farmers, ranchers, and fishermen in the country, and a lot of changes have taken place in the fishing industry. Not that they weren't before, but a lot of regulatory processes have come in to make sure that it's top-quality product.

What the European Union needs to know is what a quality product they have. What we need to have happen is to have more demand than we have supply. Then we will be doing our job, because the demand for protein worldwide is expanding year by year. When you look at what's taking place in China and in the Asian community around the world, we have more people entering the middle class, and more people want to eat like you do. They want to eat well.

My job as Minister of Agriculture and Agri-Food is to make sure that the European Union understands exactly what we have, and to make sure that they want it. That's part of my job and your job, too, in order to make sure that everybody understands what we have. Then it would be better for our farmers and it would be better for the economy of this country.

Thank you.

[*Translation*]

Mr. Pierre Breton: If I still have some time left, Mr. Chair, I'd like to ask a question about spent fowl.

Last week, I was speaking with poultry farmers in my riding, and there's clearly something that doesn't add up as far as spent fowl imports go. Minister, you touched on it at the beginning of your remarks, and you indicated that additional border controls were being conducted.

Can you explain what exactly doesn't add up and what the government is doing right now to address the problem?

[*English*]

Hon. Lawrence MacAulay: Thank you very much, and yes, there is a problem. When you import more spent fowl than there is in the U.S., from the U.S., there's a problem. That's a problem that's been going on for a number of years. I've made an announcement on this, and as you're no doubt aware, there have been five producers in the U.S., or suppliers, that have been charged or taken up at the border on issues of importing. When you're importing more spent fowl than there is in the U.S., there's something wrong with what's going on. What we have to do is address this issue, and that's what we're trying to do. We have to put a process in place. It could be the DNA testing, if that can be done quickly enough, if you can get it to the lab and get it back, but things at the border must move quickly. There have to be ways to ensure that we're able to do it in a timely fashion at the border.

I might add that the producer of the spent fowl in the U.S. is also keen that we deal with this issue in a timely manner, so I have to say that everybody's onside. We just have to deal with it. We've indicated we're going to, and the best way that we can deal with it, we will.

I don't know if anybody else wishes to give any information on that, if they have any, but that's what we plan to do as a government. It's just somewhat annoying to find out there's more coming in than

really exists from somewhere. That was certainly a point that hit my radar quickly when I became minister.

● (0925)

[*Translation*]

Mr. Pierre Breton: Thank you very much.

[*English*]

The Chair: Thank you, Mr. Breton.

Mr. Longfield.

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

Thanks to the minister for being here, and to the department for its support.

Thanks for your rapid response to the crisis out west. It was great to see in real time how quickly you responded to a great need, and will continue to respond to the people who really need your help. It's good you're doing so much to move that forward. I know you're doing everything you can. That was last week's topic, and by the end of the week you were on it and had some solutions, so thank you for that.

Minister, in the last little while we had a report from Dominic Barton, and he singled out agriculture as one of the key sectors that Canada should be able to lead the world in. Innovation is going to be the key to that. I see in the estimates that there's \$8.16 million allocated for innovation. We've had questions from some of our witnesses on how you interact with ISED, with Navdeep Bains' department. You mentioned him a little bit earlier. How does the innovation coming from the innovation, science, and economic development department relate to the innovation happening in the agriculture department?

Hon. Lawrence MacAulay: Thank you very much.

First of all, on the issue of bovine TB, being a farmer, I understand. It has to be done as quickly as possible and as efficiently as possible. The issue is that you have to try to get a solution in place, and to make sure the farmers and ranchers aren't hurt very much financially. I didn't have to go through much of a learning curve to know that. Having experienced some ups and some downs in the agricultural sector, I knew that it had to happen in a hurry.

I think I'll turn it over to Pierre on the estimates issue.

Mr. Pierre Corriveau (Assistant Deputy Minister, Corporate Management Branch, Department of Agriculture and Agri-Food): I'll just point members to page 223 of the estimates. As part of our five-year multi-agreement with the provinces, up to 25% of the funds lapsed in one fiscal year can be brought back in the current fiscal year, so that is what you are seeing here. Each province has to invest a minimum of 25% in various areas, so this is the most up to date. Basically, you voted earlier in the main estimates \$100 million in innovation. On top of that, we have \$8.1 million from funds that had lapsed from the last fiscal year.

Mr. Lloyd Longfield: Very good.

Hon. Lawrence MacAulay: I'd just like to say that I think everybody needs to keep an eye out, though, when announcements are made, particularly in the agricultural sector in the innovation area. Farmers and everybody have to watch what's available, because there are programs you can work into. It's so important that the agricultural sector and agricultural leaders keep an eye on what's going on. This is a government that's big on innovation. We have to make sure that the agricultural sector gets every nickel it can get. I want to see that happen. What I do with Navdeep Bains or anybody else, if there's any money available, I want to get it for the agricultural sector.

Mr. Lloyd Longfield: That's good to hear. So it isn't an "either-or", it's a "both".

Hon. Lawrence MacAulay: Everything is a both. That's the way it is.

Mr. Lloyd Longfield: I'll be meeting later on this week in Calgary with the ag equipment manufacturers, and those are small businesses in rural Canada that need help with innovation. Where do they go? Do they go to Agriculture? Do they go to Innovation? The answer is "yes".

• (0930)

Hon. Lawrence MacAulay: The answer is yes to both.

Mr. Lloyd Longfield: Okay.

Hon. Lawrence MacAulay: It could fit in one way and it could fit in another way. They also are an important player and an important employer in the whole agricultural sector.

Mr. Lloyd Longfield: Looking also at the estimates, there's money set aside to improve access to the international markets for Canadian agricultural products, including \$1 million in grants and contributions. Could you maybe speak to what a project would look like that could qualify under grants and contributions? There is confusion over where people go for grants and contributions.

Hon. Lawrence MacAulay: I think the China trip that I had the privilege of leading is a fine example of what can happen and what it can do for the economy. On the specifics, I'll leave it to Pierre.

Mr. Pierre Corriveau: The \$1 million that's shown currently in the estimates is basically a top-up of existing programming. Normally that kind of funding would go to international organizations that support, basically, standard setting. So you would have the World Organisation for Animal Health. You would have Codex Alimentarius Commission. Typically, and based on past experience, the department supports a number of initiatives, and based on past experience will support, for example, international standards on

pesticide residue or, for example, a laboratory twinning project to improve animal health surveillance.

Mr. Lloyd Longfield: So that will help us to open up international opportunities.

Mr. Pierre Corriveau: It supports the market access of Canadian products abroad.

Mr. Lloyd Longfield: That's tremendous.

On transportation, the grain, oil seed, and special crop farmers rely on rail transportation, of course. Every grain hopper counts in this equation. It's a complex chain, 1,500 kilometres. In fact, Guelph has one of Canada's three federally regulated railways, the Guelph Junction Railway, which goes between the CN and the CP.

Could you talk to us a bit about what's getting put in place to help farmers get to market through our rail network?

Hon. Lawrence MacAulay: Thank you very much, Lloyd. I was certainly pleased.... I grew potatoes on Prince Edward Island and I knew what the case was if a car didn't come in—tough luck. If you didn't load it, you paid up. It's a reciprocal penalty, so it'll work both ways, but the fact is that I was more than pleased to be able to announce that.

On the other issues that the farmers have brought forward, they'll be dealt with. As you know, the Minister of Transport is the lead minister on this, though I had a fair input into it. But over the next number of months, we'll be dealing with interswitching, which is important but we haven't made an announcement on that yet. Maximum revenue entitlement is another issue that will be dealt with. These are issues that were brought forward strong and firm by the agricultural sector. Right across the country, it was a big concern, and I was so pleased to hear the words even mentioned...and obviously going to be addressed.

What has to happen in the transportation sector is to make sure that it's not for next year or this year for shipping. We have to make sure that we put a transportation system in place that works for 10 and 15 years down the road. When you look at what's taking place in Vancouver and the bottleneck, and getting it to the water, there are certain things that have to be done there, too.

All these things have to be dealt with over the next few years with infrastructure. It's amazing what's taking place in loading hopper cars.

The Chair: Sorry to cut you off, Mr. Minister.

Mr. Anderson, it's back to you for another six minutes.

Mr. David Anderson: Thank you.

Mr. Kochhar, we started talking about lab testing. I want you to just correct an impression that was left. Testing is the holdup. It's the holdup on the farm. It's the holdup in the labs. You seemed to indicate that the lab testing is going fine.

Out of more than four dozen herds that are under this quarantine, reactor rates have been normal among those herds. Only three herds have had reactors taken out of them and taken to the labs. There are dozens of herds sitting there. This is not going well.

What is your plan to get this done as quickly as possible?

Dr. Harpreet Kochhar: Thank you, Mr. Anderson, for the question.

I must say that the capacity we have is twofold. One is to actually collect the samples, and second, to test. We have additional capacity, which we have actually mobilized from all the other regions in the whole of Canada. We have moved people from Ontario, from Quebec, and others. They are veterinarians and animal health technicians who are doing a fabulous job in terms of looking at what the plan is.

We have a very firm belief that in the next few weeks—not months, but in the next few weeks—we will be done with the testing of all the herds that are currently in quarantine. By that I mean that those that are high-risk ones, which are our top priority...we have almost finished with that one. We're almost on the tail end of that one. For the other ones, which are the contact ones and the ones that are more in terms of a trace-out, we have a plan where in the next few weeks we will be done with those ones.

● (0935)

Mr. David Anderson: What about the reactors? You have no capacity to check those reactors right now. It's very limited. They're piling up. They're in every ranch that you've been to. Those reactors are in the pens right now waiting to go to slaughter for post-mortem. They're not being done at a decent speed. It's going to take months, or longer.

Dr. Harpreet Kochhar: Mr. Anderson, the capacity for us has been more dedicated to actually moving them to slaughter and slowing down the slaughter speed so that our inspection staff and veterinarians can do a proper examination and properly diagnose whether these reactors truly have disease. A reactor is just an indication; we need to actually confirm at the post-mortem.

We have been able to move those reactors. For example, the first tranche of 81 reactors has been taken care of through different contracts we established at the slaughter establishments.

Mr. David Anderson: Before I turn this over to Mr. Gourde—I need to give my colleague a chance to ask questions as well—the little bit of lab capacity you have has not been used to capacity.

The Chair: Monsieur Gourde.

[Translation]

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

Minister, I got the sense that you were prepared to conduct extensive consultations on the transition program for Canadian dairy producers.

Would you like to see, yes or no, the Standing Committee on Agriculture and Agri-Food conduct a public study, in co-operation with Canadian dairy producers and processors, to help you orient the program? The study would lead to recommendations that represent the views of the entire industry, which would be heard in a public forum, and help you put in place a program that the industry is happy with. Minister, would you like the committee to help you in that way, yes or no?

[English]

Hon. Lawrence MacAulay: You're big on the yes-or-no questions. Anyhow, quite simply, the committee is the master of its own destiny. I'm not here to indicate what you're going to do. As a committee, you are totally the master of your own destiny, and I think you're fully aware of that.

You're doing a lot of important work, and it's vitally important to supply information to me and to the centre and to the cabinet in general. That's what your job is, and that's what you're doing. Continue to do it. I might add that you're doing an excellent job, and I appreciate it.

[Translation]

Mr. Jacques Gourde: Thank you, Minister.

[English]

Hon. Lawrence MacAulay: It would be inappropriate for me to indicate to you—

[Translation]

Mr. Jacques Gourde: I'm going to give the rest of my time to my colleague, Mr. Shipley.

[English]

Hon. Lawrence MacAulay: I want to hear from him.

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

I want to change the subject a little bit. I want to talk about neonicotinoids. Grain farmers in Ontario and producers in Ontario have been hard hit because the Province of Ontario has taken steps to restrict the use of them.

This is going to be another quick yes or no. Since the United States has not taken any movement to inhibit them, and Ontario has—PMRA is the regulator—were you consulted on their choice?

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

As you're fully aware, number one, it's under the responsibility of the Minister of Health and not under the responsibility of the Minister of—

Mr. Bev Shipley: I understand that.

Hon. Lawrence MacAulay: I know you understand that. What takes place in any decision that's made...

First of all—

Mr. Bev Shipley: I guess I'm really just asking if you were consulted as Minister of Agriculture.

Hon. Lawrence MacAulay: I sit around the cabinet table, and I'm consulted on any issue that I wish to be consulted on, for sure. But on the neonics, if you would like me to explain—

Mr. Bev Shipley: Yes, quickly.

Hon. Lawrence MacAulay: —we have a science-based regulatory system. I spend a lot of my time, when I travel around the world, asking countries to make sure they have science-based regulations. We have science-based regulations in this country.

As you know, the Minister of Health has indicated there will be round tables. It's important to note that there will be people involved who use these products. There will be round tables. There will be places for them to voice their opinion.

I truly hope that, as has been indicated by your colleague, the agricultural sector makes its voice heard on what should take place with this product.

• (0940)

The Chair: Thank you.

[*Translation*]

Mr. Drouin, it is now your turn, and you have six minutes.

[*English*]

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

I want to thank the minister and his department for being here.

I would like to build on what Mr. Gourde was mentioning. As you may know, I have over 300 dairy producers in my riding. Part of the issue now is that they're happy with the program, but they want to know how to access it. I said this will be worked out with the department.

Can you give us some sort of timeline? Is your department going to be engaging with the dairy associations in the next few weeks or few months?

Hon. Lawrence MacAulay: That's a very important question. It's a big program at \$350 million.

No, the department will not decide how it's going to be spent; that will be done in consultation. We're going to sit down with the dairy industry. I hope and expect that with the dairy sector we will find out just how this money should be spent. That's what we want to do. We want to make sure that this is a bottom-up issue; this is not a top-down issue at all. We want to find out what the farmers really feel they need in order to innovate.

I've been in the dairy industry, and just as a small example, I milked cows sitting on a stool. The last milk I shipped went through a bulk system with automatic cleaners and automatic washers and pipelines and all that. There's no end to the innovation and what we do in this world and line to innovate. Either you're on the cutting edge or you're not.

We as a government, and I know everybody at this table as members of Parliament, want to make sure that our agricultural farmers are on the cutting edge, but they will decide, with the other groups across the country and the department and me, how this program will be put in place.

The same thing applies for the processing sector. We want to make sure that the processing sector is on the cutting edge so it can produce these quality cheeses in order to compete. I know you feel that your processing sector is every bit as capable as any other processing sector in the world. They have \$100 million of federal funding in order to make sure they are innovative, and I'm sure they will be.

With that, when CETA comes into play, you will find that they will be able to deal with many of the issues, not to mention the 700 million new customers that are available in the European Union. This is a great deal for Canada and I hope and feel that it would be a great deal for the supply-managed sector, particularly the dairy sector. We will end up with a much stronger dairy sector in this country. That's what I wanted to see happen and I'm sure that's what we will see happen.

Mr. Francis Drouin: I know the young farmers in my riding are thankful, and they have hope for supply management. I know you met with some of them a long time ago. Thank you on behalf of them for meeting with them and for listening to them.

Hon. Lawrence MacAulay: On the young farmers, all farmers are important, but we have to be sure that we look at the next generation and look at getting young people into the agricultural sector. The demand for milk is expanding every year, and that's important too. There are many opportunities, and we want to make sure that young farmers take advantage of these opportunities.

Mr. Francis Drouin: I want to bring you back to last week. I know you made a speech last week at the Canadian Produce Marketing Association's event. One of its concerns is with the Perishable Agricultural Commodities Act. Last year we studied this issue known as PACA, and I just wanted to know if you could provide this committee an update on where the government is on this issue.

Hon. Lawrence MacAulay: As you know, we lost that a few years ago. We're consulting with the agricultural sector and we're looking at potential options, which do include a legislative proposal. We as a government are looking at a number of ways as to how this might be addressed. It's important to make sure that our agricultural sector is paid for the product it sells.

[*Translation*]

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

Is it 9:45, Mr. Chair?

[*English*]

I'll respect that.

The Chair: I certainly want to thank the minister for taking the time—

An hon. member: [*Inaudible—Editor*]

The Chair: That's all. We had to hold back Mr. Morrissey, because he was really coming at you, but we held him back, so...

We certainly want to thank you for appearing in front of the committee and taking the time. It was very informative.

To Agriculture Canada and CFIA, thank you so much.

[Proceedings continue in camera]

We will now break to go in camera for our business session.

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