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Chair: Mr. Pat Finnigan

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• (1645)

[English]

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

Welcome to the 12th meeting of the House of Commons Standing Committee on Agriculture and Agri-Food.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on October 21, 2020, the committee is commencing a briefing on the topic of poultry and egg compensation.

[Translation]

Today's meeting is a hybrid one, pursuant to the order of the House adopted on September 23, 2020. The proceedings will be published on the House of Commons website. For your information, the webcast will always show the individual who is speaking, rather than the entire committee.

To ensure the meeting runs smoothly, I would like to share certain rules with you.

Members and witnesses can speak in the official language of their choice. At the bottom of your screen, you have the choice of floor, English or French.

Before taking the floor, wait until I recognize your name. I remind you that all remarks from members and witnesses must be addressed to the chair. Ensure that your microphone is turned off when you are not talking.

[English]

I would like to note that the minister will appear with us for one hour, and then we will proceed to our scheduled committee business.

With that, we are ready to begin.

I believe, Minister, that you have a hard stop at 5:45, so we'll try to respect that.

[Translation]

Minister, I welcome you once again to our committee. We are very proud to have you today.

I give you the floor for your opening remarks.

Hon. Marie-Claude Bibeau (Minister of Agriculture and Agri-Food): Thank you, Mr. Chair.

It is a pleasure to see you again after only about 10 days.

I am joined today by the associate deputy minister, Annette Gibbons, and Colleen Barnes, from the Canadian Food Inspection Agency.

I want to begin by thanking the committee for its good work and its dedication to the agricultural sector.

I also thank you for starting the dialogue on our poultry and egg producers, who are all working very hard, as well as on the supply management system.

The government has clearly shown its full support for poultry, egg and dairy producers by announcing the compensation payment of \$2.7 billion to offset the impact of the Comprehensive Economic and Trade Agreement, or CETA, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP.

For dairy producers, that includes the \$345 million they already received in direct payments last year, as well as the \$250 million in assistance through the dairy farm investment program.

We are now preparing to distribute an additional \$1.4 billion over the next three years in direct payments to Canadian dairy producers, based on their quota allocations. So we are talking about \$468 million by March 31, 2021, \$469 million in 2021-2022 and \$468 million in 2022-2023.

For example, an average farm with 80 dairy cows will receive an annual direct payment of about \$38,000 over the next three years.

The compensation package we announced also includes \$691 million for poultry and egg producers to offset the CPTPP's impact. Together, hatching egg producers, table egg producers, and poultry and turkey producers support more than 140,000 jobs in Canada. We promised to compensate those industries fully and fairly for the losses arising from those agreements, and that is what we are doing.

Two weeks ago, we kept our promise to the 4,800 poultry and egg producers in Canada. On November 28, I joined industry leaders to announce a \$691-million investment. That investment will be used to launch various programs that respond to the priorities identified by the poultry and egg working group.

We will focus on business innovation and growth. Program development will come after consultations with industry. We will do everything we can to launch those programs as quickly as possible.

[English]

In our discussions with the different poultry and egg sectors, producers told us that programs should focus on investment in capital projects to improve the efficiency of operations, as well as marketing support. Mr. Chair, this announcement was welcomed by the poultry and egg sectors.

We know there's still work to do. Our government remains committed to engaging the sectors on full and fair compensation for the new NAFTA. We also remain committed to supporting our processors of dairy, poultry and egg products for their market impacts. We have already invested \$100 million to help Canadian dairy processors invest in new technologies to stay on the cutting edge. Today, 92 dairy producers across Canada have been approved for projects on new automated production and packaging equipment, new products and specialized training.

Dairy, poultry and other processors are also benefiting from the \$77.5-million emergency processing fund to implement changes to safeguard the health and safety of workers and their families, and improve, automate and modernize facilities needed to increase Canada's food supply capacity.

As well, for producer-members of dairy, poultry and other co-operatives, in the fall economic statement we extended the tax-deferred co-operative share program for an additional five years. This measure allows farmer-members to defer taxes owed on the patronage dividends that they receive from the co-operative in the form of shares. This benefits both producers and co-operatives, which are such a vital part of our agricultural landscape in rural Canada.

Mr. Chair, our support for our dairy, poultry and egg producers is part of our overall ambition for a strong and prosperous agriculture industry. We know that strong farm businesses mean a strong economy, and that's why we're very focused on strong business risk management programs. Two weeks ago, ministers from across the country met to discuss a number of key priorities for the sector, including meaningful reforms to the BRM programs. Building on all the emergency supports we have rolled out this year to support farmers, our government stands ready to step up with improvements to the BRM programs.

• (1650)

We're aiming for a 50% increase to the amount paid out to farmers through the AgriStability program. As a starting point, our government is looking to remove the reference margin limit, and we are prepared to look at further immediate enhancements to AgriStability that would apply retroactively to the 2020 year and ongoing. As well, I am hoping to find consensus on an increase of the AgriStability compensation rate from 70% to 80%. Taken together, these changes would increase the overall amount AgriStability pays out to farmers by 50%. While we have not yet found a national consensus on these changes, I hope we can find a path forward soon.

[Translation]

At the meeting of federal, provincial and territorial ministers, we also discussed the fees charged by some retailers and their repercussions on processors and consumers.

We created a working group that engages in discussions with industry to find solutions that benefit all supply chain stakeholders. We asked them to suggest concrete measures by our meeting in July.

I thank the committee for focusing on poultry and egg producers. Now more than ever, Canadians are choosing high-quality chicken, turkey and eggs produced on Canadian farms. I know industry has ambitious plans for the future, and it has our government's full support.

I look forward to your questions.

The Chair: Thank you, Minister.

[English]

To start our first round, we have Ms. Lianne Rood for six minutes, please.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair.

I'll be splitting my time with Mr. Steinley today.

Thank you very much, Minister, for being here today. I really appreciate your appearing before the committee to discuss what we have at hand with eggs and poultry.

You touched on the fact that what you've announced so far is compensating for hatching turkey, chicken and eggs. I'm wondering if you have plans or when we can expect an announcement for the processors, who were also promised compensation under these trade negotiations?

Hon. Marie-Claude Bibeau: Yes, we have proceeded with clear announcements for the dairy, poultry and egg producers. Our commitment is still strong with the processors. We just need a bit more time to complete the evaluation and move forward, but the commitment for full and fair compensation is still very strong.

Ms. Lianne Rood: Thank you.

I'm just going to ask a little about what you've already announced so far for poultry and egg compensation. It's my understanding from some of the stakeholders that they're concerned about the timeline on this. When do you expect to begin receiving applications to the program?

• (1655)

Hon. Marie-Claude Bibeau: We want to consult the committee, the industry, before we roll out the program. There are meetings already planned for next week, so we intend to put it in place as soon as we can.

Ms. Lianne Rood: When would you expect to be disbursing funds from the program?

Hon. Marie-Claude Bibeau: I made this mistake once, so I don't want to give you a precise date, but we are already starting the discussions next week, so the intention is to have the program rolling out as quickly as possible.

Ms. Lianne Rood: Minister, would marketing and market development qualify under this program? What about improvements to operational facilities?

Hon. Marie-Claude Bibeau: We started a discussion with the working group a little while ago, after the signing of the CPTPP. They told us they are interested in investment programs and support to market development in the last discussion we had with them. This is why we want to meet with them again to see if it is still their priority.

Ms. Lianne Rood: Thank you.

I have one final question, Minister. You announced a program to compensate for the CETA and CPTPP trade agreements, but you have not announced any compensation for the Canada-U.S.-Mexico trade agreement. What's your timeline for announcing CUSMA compensation?

Hon. Marie-Claude Bibeau: You will remember that in August 2019 I announced \$1.75 billion for dairy farmers over eight years, understanding and acknowledging that producers needed predictability. This is why we have decided to shorten the payment time for compensation to the dairy farmers for CETA and CPTPP over only four years instead of eight, so we are responding to their requests for predictability and—

Ms. Lianne Rood: Thank you, Minister. I understand, but we're short on time here, so I'll pass my time over to Mr. Steinley.

Mr. Warren Steinley (Regina—Lewvan, CPC): Thank you, Minister.

I wouldn't want you to make another mistake, so I'm just going to ask some direct questions.

Are mechanisms in place to protect market share for Canadian producers if trade agreements are not faithfully executed and Canadian producers fail to make inroads in the European and Asia-Pacific markets?

Hon. Marie-Claude Bibeau: I'm sorry. I don't get the sense of your question.

Mr. Warren Steinley: We're now subsidizing some of our producers because they've lost some of their market share, but they're supposed to gain some of the market share in the countries we've made some deals with. If there is not that gain of access in some new markets, are there mechanisms in place to ensure our partners are treating our producers faithfully?

Hon. Marie-Claude Bibeau: We are compensating our producers under supply management. The signature—

Mr. Warren Steinley: Let me try again. How much domestic market share have poultry and egg producers lost to European exports since the passage of CETA?

Hon. Marie-Claude Bibeau: Nothing. From CETA for poultry and egg?

Mr. Warren Steinley: Yes.

Hon. Marie-Claude Bibeau: It was not part of the agreement. For CPTPP, the—

Mr. Warren Steinley: Sorry, CPTPP, yes.

Hon. Marie-Claude Bibeau: It hasn't started to come across the border yet.

Mr. Warren Steinley: Not yet?

Hon. Marie-Claude Bibeau: No.

Mr. Warren Steinley: Okay. Then if there are market access issues, what department in Global Affairs deals with those market access issues?

Hon. Marie-Claude Bibeau: Trade deals with them.

Mr. Warren Steinley: Are there lots of direct links between trade and your ministry of agriculture to ensure they're working together and speaking with the producers and stakeholders?

Hon. Marie-Claude Bibeau: Absolutely. We have constant conversations with trade, Agriculture and Agri-Food Canada and the industry.

Mr. Warren Steinley: I have one question left.

Some stakeholders we've been in contact with specifically say that in South Korea, our beef is still being treated differently from American and Australian beef and it's still being tariffed.

Hon. Marie-Claude Bibeau: This is a very specific question. If you want to share it with me in a bit more detail, I will be happy to come back to you—unless my deputy minister has a quick answer for you. If not, just send the question with maybe a bit more detail and I'll get back to you.

Mr. Warren Steinley: I'll send the question to your department.

Hon. Marie-Claude Bibeau: Okay, thank you.

• (1700)

Ms. Annette Gibbons (Associate Deputy Minister, Department of Agriculture and Agri-Food): Minister, I could add quickly, if you'd like.

The Chair: I'm sorry. I'm going to have to move to the next questioner.

Ms. Annette Gibbons: Okay, no problem.

The Chair: There may be a chance for the next person.

Mr. Blois, you have six minutes. Thank you.

Mr. Kody Blois (Kings—Hants, Lib.): Thank you, Mr. Chair.

I'd like to thank the minister for her participation today before the committee.

Minister, I want to thank you for the work you've done over the last couple of weeks. Of course, that led into the months of work you've put in around making sure that this package was in place for our supply-managed farmers.

You also mentioned in your remarks our government's willingness to improve the programs under business risk management. I think that's extremely important and I want to put that on record.

I'll remind our honourable members that we're here talking about supply management. We talked about beef. One of your questions was around beef, but I want to go to the poultry and egg compensation that was announced. This is different from what the dairy industry had been asking for. They were asking for compensation to their producers. These are actually mitigation measures, as the stakeholders have talked about.

You mentioned that's going to be a co-operation and you're going to be working with industry. Can you explain a little bit more about how that might look?

Hon. Marie-Claude Bibeau: Yes, of course.

After the signing of the first two agreements, we have put in place working groups, one for the dairy sector and another one for poultry and egg. These working groups have obviously consulted widely with the industry and they came back to us with very different recommendations and hopes in terms of the type of compensation they would like to have.

The poultry and egg sectors were asking for investment programs and support for market development. This is why we want to have a new conversation, to make sure that it is still where they stand and to be able to develop and roll out the program as soon as possible.

Mr. Kody Blois: You mentioned it in your remarks to my honourable colleagues, but those are conversations that are being had right now with industry and government about how that money is disbursed over the next 10 years, in terms of the best mechanism to put those mitigation measures in place. Is that correct?

Hon. Marie-Claude Bibeau: Exactly, yes.

Mr. Kody Blois: Okay.

I want to move to the dairy sector. As I've said many times in the House and at committee, being the member of Parliament for Kings—Hants, we have a tremendous concentration of supply-managed farmers. In fact, it's the largest east of Quebec. The dairy industry is a big one.

Can you speak to what this compensation means in terms of the average dairy farm, let's say? How much compensation is this to the average dairy farmer?

Hon. Marie-Claude Bibeau: We have confirmed an annual payment of \$469 million or \$468 million, depending on the year, for the coming three years. For an average farm with 80 cows, it represents \$38,000.

Last year, the average was \$28,000, with the first payment of \$345 million that we gave as compensation.

Mr. Kody Blois: This money goes to dairy farmers to basically support the investments they see as best for their business. It comes with no strings attached. They have the ability to invest and to use this money to help support their operations as they see fit. Is that correct?

Hon. Marie-Claude Bibeau: Exactly. They can use it in the way they see fit. It will be done the same way we did it last year, through the Canadian Dairy Commission. They will very soon be invited to fill out a form and to confirm their quota so the Canadian Dairy Commission can proceed with the payment. It should be as easy as it was, or even easier since they have already done that last year.

Mr. Kody Blois: That was my next question. Of course, farmers in my riding, and perhaps elsewhere, will be wondering about the timing. That is held with the Canadian Dairy Commission, and they've been given the ability to move out that payment as soon as possible, certainly before March 31, I would presume.

Hon. Marie-Claude Bibeau: Exactly. I would encourage all our producers to pay attention to the correspondence they will get from the Canadian Dairy Commission very soon. They went through the process last year, so it should be even easier this year.

Mr. Kody Blois: I want to talk about trade. Of course, the supply management system is a different way to be able to help ensure domestic production in our country.

We recently signed off on a continuation agreement with the United Kingdom as a trade aspect. Of course there was some concern about additional market access given. I know our government has been resolved in ensuring that no more market access is given.

Can you confirm that this is the case, for us and for my producers at home, and that this will continue to be our position in the days ahead?

• (1705)

Hon. Marie-Claude Bibeau: Yes. We have made this promise not to give any more market share on supply management in future trade deals that we're going to negotiate and sign. The one with the U.K. is a good example that we have stood strong and not made any compromises on that.

Mr. Kody Blois: Ms. Rood had asked you about processing. Of course, in your remarks you talked about some of the investments the government has already made as they relate to supporting processing and additional innovation on farm, as well.

In the 30 seconds that I have remaining, could you highlight some of that and recap it for us as well?

Hon. Marie-Claude Bibeau: The first program we put in place was \$100 million for the dairy processors. They were also able to benefit from the \$77.5-million emergency fund for the processing sector that we had put in place because of COVID.

Mr. Kody Blois: Mr. Chair, I think that's my time.

Thank you, Minister.

The Chair: That's about it.

Thank you very much, Mr. Blois.

[Translation]

Thank you, Minister.

I now give the floor to Mr. Perron for six minutes.

Mr. Yves Perron (Berthier—Maskinongé, BQ): Thank you very much.

Good afternoon, everyone.

I thank the minister and the other witnesses for joining us today. It's much appreciated.

Minister, I will begin by asking you some questions about the dates. I heard you earlier; don't think that I was not listening. You said you would not provide specific dates. However, can we hope for payments to start before Christmas? Is that conceivable?

Your deputy minister recognized in committee that it is all the same to the federal government whether those payments are made before or after Christmas. For producers, that could make a big difference.

May we hope that those payments will begin within the next few weeks, in December?

Hon. Marie-Claude Bibeau: Of course, we are talking about dairy producers and compensation in the form of direct payments.

As I told you, the Canadian Dairy Commission is administering the payments. I know that Mr. Riendeau and his entire team are working very hard to ensure this is done as diligently as possible. They did it last year. It should still be recognized that today is December 10, but I know they will do their best to move faster. Part of the work is in the hands of our producers. Once they receive an invitation from the commission, it will be important to respond quickly.

Mr. Yves Perron: So I am hearing a yes, but it will be tight. Okay.

As for the topic of the day—egg and poultry producers—you announced an amount at your last press conference that everyone really appreciated—\$691 million. However, producers need details. They need to know when the program will begin, as they want to be ready to compete with the goods arriving from abroad.

Can we expect the program to be launched before March 31?

Hon. Marie-Claude Bibeau: As I said earlier, I don't want to make the same mistake of giving an overly specific date, but we will begin consultations next week. It's not as if we are starting from scratch. We want to update the highly elaborate discussions that were held one and a half or two years ago. Producers have explained to us clearly what their desires are and what direction they want those programs to take. We still want to check certain things with them, as some time has passed. We want to implement programs as quickly as possible.

Mr. Yves Perron: It's nice to see you anticipating my questions. I was actually going to say that we are not starting from scratch. It's all supposed to be done already. So it's a quick update. We are hopeful it will go quickly. That's great.

Let's now talk about processors. Other groups are reassured, but processors are still waiting for you to reiterate a firm commitment. I am not doing a parody, as this is what we are hearing. Those people are worried. Can we hope for a concrete announcement?

You mentioned the \$77.5-million fund, but that was committed for responding to COVID-19. That's not really compensation for those agreements. So things must be balanced out. Processors need those compensations. Do you have an announcement for them?

Without giving me an exact date, are you planning to announce something to them after the holidays, at least before March?

Hon. Marie-Claude Bibeau: I cannot give you a date right now. The best I can do is tell you that our commitment is firm. We have kept our promise to the two other groups and will do the same for processors. I agree with you. We are actually not claiming that the programs related to COVID-19 are compensations. They will also not count as compensations.

The \$100-million program was implemented for dairy producers. Of course, tariff quotas act in parallel, but are still important for our producers. We have been very responsive to their wishes.

● (1710)

Mr. Yves Perron: I'm happy to hear you say this is not considered compensation. You are very good at anticipating questions this evening. That may be because we are starting to get to know each other.

I will now talk to you more specifically about dairy processors. You are reiterating the commitments made to egg and poultry processors. This is surely not deliberate, but we get the impression that you are talking more about those processors in your speeches. That is not an issue, since we are discussing them today, but dairy producers are somewhat worried. They feel that, since payments are established for producers, the dairy issue has been resolved and they could be overlooked.

Can you reassure those people?

Hon. Marie-Claude Bibeau: Absolutely. When I talk about processors, I am talking about all processors of products subject to the supply management of poultry, dairy and eggs.

Mr. Yves Perron: That's fantastic. We won't argue much this evening, Ms. Bibeau. We actually never argue; we discuss. However, we may start to argue now, since I want to talk about the Canada—United States—Mexico Agreement, or CUSMA.

Do you have a specific timeline for that? It would be good if we didn't have to wait two or three years, as the repercussions will be felt quickly. That is a very voracious trade partner, and I showed this yesterday. We may discuss it later if there is time. For now, I would like to know whether you have a timeline for CUSMA.

Could we not use the results of the negotiations held for the first two agreements and add them to CUSMA so as to accelerate the process?

Hon. Marie-Claude Bibeau: You will recall that, in summer 2019, we committed to provide compensations over eight years. We recognize that our dairy producers need predictability. That is why we focused that commitment over four years instead of over eight years. We want to give them that predictability.

As our teams are currently overwhelmed because of emergency programs related to COVID-19, we know there could be something of a delay before the discussion is finalized and the amount announced. The delay will not be unreasonable. I think the circumstances are a very good explanation for that delay. We decided to condense the first payments so as not to penalize producers.

The Chair: Thank you, Minister.

Thank you, Mr. Perron.

[English]

Now we go to Mr. MacGregor for six minutes.

Go ahead, Mr. MacGregor.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you so much, Chair.

Welcome back to the committee, Minister. It's good to see you.

I'll just follow up on what Mr. Blois was questioning you about. You are quite clear that you and the Prime Minister have said that no more market access to our supply-managed sectors will be considered. You can confirm that.

Hon. Marie-Claude Bibeau: I do.

Mr. Alistair MacGregor: Okay. The trade deal that I'm looking at is not so much with the United Kingdom as with the Mercosur countries. Of course, they produce a huge amount of poultry, if you look at the poultry production in Brazil and so on. Can you confirm that when Canada is at the negotiating table, poultry is off the table, and eggs and dairy are off the table?

Hon. Marie-Claude Bibeau: Prime Minister Trudeau, Minister Ng and I have been very strong on this commitment.

Mr. Alistair MacGregor: Okay. Well, that's good to hear.

We imported chicken from Brazil, I believe, in 2018. We did import 11.1 million kilograms. There have been some concerns from the Chicken Farmers of Canada about the standards that those chickens are raised in. What is the Government of Canada doing to ensure that those standards meet what we would expect with our chicken?

Hon. Marie-Claude Bibeau: Of course, we are following what comes through the border as closely as we can. With the act and the regulations around safe food for Canadians, we have increased our capacity and requirements to ensure that what comes in does meet Canadian standards.

You might also be talking about *la poule de réforme*. Sorry, I'll just try to find my notes in English.

Ms. Annette Gibbons: It's spent hens, Minister.

Hon. Marie-Claude Bibeau: Yes, it's spent fowl. I can tell you that this is one of the priorities that we have asked the border services to look at. We are also investing in ways to be able to tell the difference based on science, because it's not necessarily obvious. We have to develop the tools to control it.

• (1715)

Mr. Alistair MacGregor: Thank you, Minister.

Hon. Marie-Claude Bibeau: My technical English on this file is a bit weaker.

Mr. Alistair MacGregor: Another really important issue with the United States comes with the issue of spent fowl. Chicken Farmers of Canada estimated, back when I met with them in February, that the amount of fraudulent labelling of poultry entering Canada from the United States can equal around \$200 million a year.

Can you give us an update on how our efforts are going to crack down on this problem? We have just renegotiated our agreement with the United States. A certain amount of poultry is allowed to come into Canada, and that will increase. Of course, a lot is slipping through the cracks still, so how are we going to crack down on that?

Hon. Marie-Claude Bibeau: I wouldn't say it increased, because with the controls we have put in place in recent years, it has decreased. As I said, this is a sector that we have asked the Canada Border Services Agency to focus on. We are investing in additional means to control it. You know that we have the food policy for Canada, which also includes a dimension on food fraud. We have also given additional capacity to CFIA to have more control around that.

Mr. Alistair MacGregor: Thank you.

This is my final question. As you know, we are again having a dairy problem with the United States, despite our best efforts to come to an agreement.

Tom Vilsack is going to be the new Secretary of Agriculture under the Biden administration. Of course, he has been leading the U.S. Dairy Export Council. I'm just wondering, Minister, whether you have reached out to Mr. Vilsack to congratulate him on his new role that will start on January 20 and to maybe try to get things off on the right foot, because he, as the leader of the U.S. Dairy Export Council, has been a bit of a thorn in our side, but it would be great to maybe get off on the right foot.

Hon. Marie-Claude Bibeau: I will reach out to him, I think, when he is confirmed.

I am very confident that the way we are proceeding with the TRQs is respecting our agreement with the United States, and we will follow the process. We will go through the consultation, and I'm very confident that we are doing things the right way.

Mr. Alistair MacGregor: I appreciate that, Minister. Thank you so much.

The Chair: Thank you, Mr. MacGregor.

Thank you, Minister.

[Translation]

We are now beginning the second round of questions and answers.

Mr. Lehoux, go ahead for five minutes.

I understand that you are sharing your time with Mr. Epp.

Mr. Richard Lehoux (Beauce, CPC): Thank you, Mr. Chair.

Yes, I will share my time with Mr. Epp.

Good afternoon, Minister.

It is a pleasure to have you with us. Thank you for joining us this afternoon.

I have a question about compensations for egg and poultry producers. According to our recent discussions with them, they don't really want to receive a cheque. They would much prefer to get investment credits to improve their productivity. I assume there is a very direct link to the Department of Finance.

In addition to the ongoing talks between the department and producers, is the Department of Finance also involved in that issue?

Hon. Marie-Claude Bibeau: You should not be concerned. We have already made a lot of progress with the working group after the CPTPP was signed, and we already have a good idea of what they want—investment programs and marketing support.

We will meet with them next week to update everything, and that will help us develop programs and implement them as quickly as possible.

Mr. Richard Lehoux: Minister, it would be very relevant for egg and poultry producers to get some news. This would be good news for them before Christmas. Many negotiations have been held. I assume that establishing a program does not correspond with the sending of cheques, which could be done quickly. That was my point of view on this. It would be really good to end the year in this way with producers.

With everything happening in the United States since yesterday concerning dairy products, knowing that all supply management products are targeted in their thought process, do you commit today to protecting them and ensuring that no other concessions are made in the agreement with our American and Mexican neighbours in terms of poultry and eggs?

• (1720)

Hon. Marie-Claude Bibeau: The agreement has been signed, and there is no reason to make other concessions. It has been signed, and Canadians...

Mr. Richard Lehoux: The agreement is currently being challenged, after all.

Hon. Marie-Claude Bibeau: I am sure that the way tariff rate quotas have been implemented is in line with the agreement we signed. We will...

Mr. Richard Lehoux: Will you hold your own, Minister?

Hon. Marie-Claude Bibeau: Absolutely.

Mr. Richard Lehoux: Thank you.

My colleagues talked earlier about the \$77 million in assistance for processors. Will that funding be increased? There are still some major needs, and we don't seem to be at the end of the pandemic.

Hon. Marie-Claude Bibeau: Thank you for asking me, and I'll even give you some exclusive news. We were able to add \$10 million to the \$77.5 million in emergency assistance for processors.

Mr. Richard Lehoux: If there is a shortfall, you will add more. Thank you in advance.

Hon. Marie-Claude Bibeau: We are following this very closely.

Mr. Richard Lehoux: I will now give the floor to my colleague Mr. Epp.

[English]

Mr. Dave Epp (Chatham-Kent—Leamington, CPC): Good afternoon, Minister. It's good to see you again.

If I understand the compensation package correctly, there will be just under \$70 million a year, so \$691 million over 10 years. I, too, have met with the egg farmers and the chicken producers, and they are very supportive of the monies flowing into this kind of pot that would drive innovation and efficiency.

If I could just bring some perspective to the numbers, though, these are the sectors that rely on barns. They need to be heated into the season that we're going into now, which we call a Canadian winter. There are just over 5,000 producers. Following along the logic of my colleague Mr. Blois, if you take those numbers of about \$70 million a year, and 5,000 producers, you're at about \$14,000 per producer per year. I recognize that's probably not how the funds will flow, but this is just to give some perspective.

It's an interesting coincidence that this \$14,000 is about the same number that the Canadian Federation of Independent Business calculates is the cost of the carbon tax to the average farm. Chicken, poultry, and egg producers would be higher users than average, again, because they're using barns.

Do you believe that these compensatory funds could be fully offset through innovation, through efficiency and mitigation measures, which you've mentioned, to offset the costs of the carbon tax to these producers?

Hon. Marie-Claude Bibeau: I understood two different questions in your question. The compensation is put in place to compensate for the loss of market. This has been evaluated following the work of the working group and the work of our team here at Agriculture and Agri-Food Canada. We came to this amount of \$691 million over 10 years for the CPTPP. This is one thing.

You probably heard during the presentation of the fall economic statement that we will be investing \$98 million in different programs related to supporting farmers to be more efficient and to make their operations greener. So there are other investments, other programs, where the farmers will be able to apply.

[*Translation*]

The Chair: Thank you, Minister.

[*English*]

Thank you, Mr. Epp.

[*Translation*]

Ms. Bessette, you have five minutes.

Mrs. Lyne Bessette (Brome—Missisquoi, Lib.): Thank you, Mr. Chair.

Thank you very much, Ms. Bibeau, and your team at Agriculture and Agri-Food Canada, for announcing compensation that will allow producers to better plan their operations, especially in these very uncertain times. I am very pleased to know that several producers in Brome-Missisquoi will be able to benefit from it.

After the CETA, our government put in place a program to help dairy producers and processors improve their productivity and competitiveness, and prepare for the market changes that will result from this agreement.

Could you tell the committee how this program was received by the sector and how popular it was?

Hon. Marie-Claude Bibeau: It's the first compensation program we've put in place. It provided \$250 million to dairy producers and \$100 million to processors to help them invest in order to be more productive, among other things. I had the information somewhere on how many projects we were able to support with this program. I don't have it in my head anymore, but I can say it's pretty significant.

We had discussions with the milk producers afterwards. We learned that they preferred to have direct transfers based on their quotas rather than investment aid. Poultry and egg producers, on the other hand, want investment programs.

We will learn from the investment programs we have offered to the dairy sector. We are in the process of putting in place investment programs for poultry and egg producers.

● (1725)

Mrs. Lyne Bessette: Perfect, thank you.

As you just said, chicken, poultry and egg producers will receive money in the form of investment aid and market development assistance.

Can you clarify exactly what this means and how this will affect them?

Hon. Marie-Claude Bibeau: These producers ask us for investment programs. I don't know much about poultry farming, but I can imagine that some producers will want to invest in a better heating system or in equipment that will allow them to be more productive, more efficient and more competitive. They will be able to apply un-

der this program and get some of the funding required to make these investments.

According to the latest discussions we've had with them, industry people are also asking us to help them with marketing. These discussions go back a long way, though, and that's why we want to revisit them. I remember from our past discussions that the industry wants investment assistance for farms and market development assistance. All of this is subject to change, however, and we will continue our talks with those concerned.

Mrs. Lyne Bessette: I have one last question for you. You have worked hard with your partners and stakeholders to make the compensation process work.

How did the industry react?

Hon. Marie-Claude Bibeau: This was particularly well received by dairy farmers. What we committed to paying them over an eight-year horizon will now be paid over a four-year horizon. They know exactly how much they're going to receive over the next three years, so this predictability, which they wanted, is being received with great enthusiasm.

Poultry producers are happy too, but they're anxious to see the details of the programs. Based on past discussions, I'm confident we'll be able to meet their demands by offering them the type of programs they want.

Mrs. Lyne Bessette: I thank you for your answers and the work you do.

The Chair: Thank you, Ms. Bessette, and thank you, Madam Minister.

We will continue with you, Mr. Perron. You have two and a half minutes.

Mr. Yves Perron: Thank you very much, Mr. Chair.

You are definitely, Madam Minister, saying some things this afternoon that I like to hear. You've just indicated that you've learned from the early modernization programs that were offered to dairy producers. We've had some fairly negative comments about that, i.e. that the first come, first served principle did not meet the demand for 10-year programs. I understand that you have heard what the industry has asked you to do and that you will be working towards that. That's very good.

I have a brief question related to the USMCA: may we expect the negotiations on compensation to be completed by next summer? Is that too much to ask?

Hon. Marie-Claude Bibeau: It is too much to ask.

Mr. Yves Perron: Your answer didn't take long. It doesn't matter, we'll come back to it.

I am pleased to hear my colleagues speak about the request for consultations formally made by the United States yesterday on Canada's dairy tariff quotas. I'm pleased to hear your views on the work you've been doing in relation to the compensation payments to producers, which we had agreed to and which are in line with the signed agreement. I'm very pleased to hear that you are going to live up to your commitment.

On the other hand, we know that this business partner always wants a little more. At the last meeting you attended, you mentioned to me that Bill C-216, which aims to protect supply management, deserves to be studied. I hope you still think so and that this bill will pass second reading and be studied in committee.

Hon. Marie-Claude Bibeau: The current wording of the bill certainly raises questions, but we will have the opportunity to discuss it further.

• (1730)

Mr. Yves Perron: I still understand that we'll want to study it properly, and that's fine. I don't have a lot of time left and I would like to raise another point that you addressed in your statement.

We are very pleased with the announcement regarding the tax-deferred co-operative share program, or TDCS, which you have extended for five years. However, people in the industry were nervous for several months, and unnecessarily so, since the announcement could have been made earlier.

Why not make this program permanent so people don't have to worry about it every five years?

Hon. Marie-Claude Bibeau: This is a matter for my colleagues at the Department of Finance. You know what we've been doing over the last nine months as emergency programs have taken up all the space. In that context, the extension of the TDCS for five years is good news.

The Chair: Thank you, Mr. Perron.

[*English*]

Mr. MacGregor, you have two and a half minutes. Go ahead.

Mr. Alistair MacGregor: Thank you, Chair.

Minister, I apologize if earlier I might have missed this question from one of my colleagues. Under the CUSMA, when it comes to deciding on how the compensation measures are going to be rolled out for chicken and egg producers, are you worried about any push-back from our American counterparts on that compensation? I'm just referring to article 3.6.1, and whether domestic support measures have any trade-distorting effects or effects on production. Is your government concerned that the Americans might push back on any future compensation announcements?

Hon. Marie-Claude Bibeau: No. We have a team here that is very experienced in terms of following up on our trade agreements, and I don't see any concerns with our being able to follow up on our engagement and commitment to compensate them for the market.

Mr. Alistair MacGregor: Thank you.

The other question is this. When I was meeting with Chicken Farmers of Canada last month, they were also worried about this

second wave and the impact on processing facilities. They were worried that if there wasn't enough capacity, they might have to move to on-farm processing. Is your government in conversation with them about that and whether there might be any assistance offered to producers themselves to help them with on-farm processing?

Hon. Marie-Claude Bibeau: Annette might want to add something, but this is not something that falls under federal jurisdiction. I would be tempted to say that the provinces might have a word to say on that.

Annette, do you want to add on—

Mr. Alistair MacGregor: Financially, though, because the federal government has offered financial compensation for processing, I'm just wondering, if it had to go to on-farm processing, whether that would be something you would consider. It's just a concern I heard from them.

Hon. Marie-Claude Bibeau: The idea behind the compensation is to compensate them for markets they have lost, so whether they fall under the producers or the processors.... This is maybe something that will be interesting to pay attention to while we design the compensation program.

[*Translation*]

The Chair: Thank you, Mr. MacGregor; thank you, Madam Minister.

[*English*]

Now we have Mr. Steinley for five minutes.

Mr. Warren Steinley: Thank you very much.

Sorry, Minister, I probably confused my first question in the first round, talking about CPTPP. I just want to make sure I have my numbers right. The market share loss was 3.25% for dairy; 2.3% for eggs; 2% for turkey; and 1.5% for broiler hatching, eggs and chicks. Can one of your officials just confirm that those are the right numbers?

Ms. Annette Gibbons: I can confirm. I just want to be sure of the number that you gave for chicken. I got all of the other ones, but just not for chicken.

Mr. Warren Steinley: It's 1.5% for broiler hatching, eggs and chicks.

Ms. Annette Gibbons: And what was the number you gave for chicken?

Mr. Warren Steinley: For eggs, it was 2.3%.

Ms. Annette Gibbons: Okay. Yes, 2.3% is right, and 1.5% for broiler hatching is right.

Mr. Warren Steinley: That's perfect, so we're on the right page. All right.

My question—

Hon. Marie-Claude Bibeau: It comes at the end of the process. It's five years, so it comes to these numbers after five years.

Mr. Warren Steinley: Okay. Is there, right now and working into the future, a strategy in place, a vision of how we can regain some of the markets in other countries for our producers, going forward?

• (1735)

Hon. Marie-Claude Bibeau: This is why we want to work with the sector on market development. They are asking us to use part of the money we have for compensation on market development. More widely, we are working a lot in collaboration with Minister Ng, the Minister of International Trade, to diversify our markets and to open up new markets. This is something that is always on our radar. We want to increase our exports to \$75 billion by 2025, so we're taking every opportunity.

Mr. Warren Steinley: Yes, exactly, and I don't think that work can start too soon. That's why the question was whether that development is in progress, working with our chicken and turkey and broiler and dairy producers? Where do you think the next opportunities to grow that market development would be?

Hon. Marie-Claude Bibeau: When we talk about the milk, eggs and chickens under supply management, they are not sectors that are mainly oriented on export. It's the idea behind supply management. Nevertheless, we are doing research and working on innovation to see if we can find new markets for products that we have in surplus after our domestic consumption.

Mr. Warren Steinley: Thank you.

I'll just end with the fact that if you keep giving up market shares, there's less and less opportunity for our producers to make money, so we have to keep compensating them.

I'll give the rest of my time to Mr. Epp.

Mr. Dave Epp: I'll pick up on your last point. Just to clarify, then, the marketing initiatives contemplated are purely domestically focused. Is that correct?

Hon. Marie-Claude Bibeau: This is a discussion we have to have with the industry.

Mr. Dave Epp: Okay. I guess what's concerning, then, is a recent CTV report. Dr. Sylvain Charlebois, who actually testified here at committee several weeks ago, was quoted estimating that food costs are rising 3% to 5% this year. He specifically referenced chicken, potentially going up 7%.

I'm going to go back to my comments earlier about the impact of the carbon tax on this sector, roughly \$14,000 a year per average producer. I mean, the sector works with suppliers of those costs being rolled into a cost-of-production formula. No doubt some of that rise in the cost-of-production formula is being driven by feed costs, but they're incurring another \$20 million in carbon tax just on the regulated rail costs this year, and that's rising in two years to \$33 million.

Can you comment on your estimation of the effects of rising food costs driven by the carbon tax, either directly to the producers or on the feed they're buying?

Hon. Marie-Claude Bibeau: What we are doing to help people face the increase in the cost of food is normally through different social programs like the Canada child benefit, but during COVID, we realized that more families were facing challenges to feed their families. This is why we have invested, up to now, \$200 million to support food banks, \$50 million to buy surpluses from our farmers and processors to distribute them, and another \$25 million for northern communities. This is the way we're helping Canadians facing increases in prices.

Mr. Dave Epp: Thank you.

The Chair: Thank you, Mr. Epp. Sorry, we're out of time.

Mr. Blois, I understand you'll be splitting your time with Mr. Louis.

Go ahead, Mr. Blois, for five minutes.

Mr. Kody Blois: Thank you, Mr. Chair.

The point that I wanted to make.... Mr. Epp, of course, is the member of Parliament for Leamington, and he went a little way in terms of correcting himself. He talked about the price on pollution, and basically created a number to suggest that there would be about 14,000 dollars' worth of compensation to producers. We know that this money is not necessarily going to producers, but then he said that any increases under a price on pollution would offset that. He did correct himself by saying that the cost of production study is levied, such that this would not impact farmers. I wanted to put that on the record. Minister, if you want to comment, you can.

Also, Mr. Steinley mentioned supply management. He was talking about export markets. I don't know if he knows that supply management is mostly domestic policy, but then he said that we shouldn't be giving this market access away. I know he wasn't part of the government that did that under CETA and CPTPP, but it was actually the member for Abbotsford who was the minister at the time and who negotiated that way.

Minister, I'll let you comment, if you want, on the cost of production, but I wanted to make sure those two points were on the record for my honourable colleagues.

• (1740)

Hon. Marie-Claude Bibeau: Well, I think you have said it all. I don't have much to add. You have provided quite an accurate summary of the situation.

Mr. Kody Blois: Those were the two points I wanted to make sure were on the record.

I'd like to turn it over to Mr. Louis.

Thanks so much.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you, Mr. Chair.

Minister, thank you for being here. I appreciate this and all the hard work you've done through this pandemic. It's wonderful to have you here and to be able to ask these questions.

I know you see that we're getting the same questions over and over from our panel. We get quite a bit of co-operation between parties, which I'm very proud of. We're all asking the same questions. We're all looking out for our agriculture sector. I hope you're getting the same kind of co-operation with the provinces and territories, because we're all working on the same ideas.

I just wanted to expand on.... You talked about compensation. Originally it was an eight-year horizon, and now we've condensed that support over four years. Can you just explain to our committee here why that decision came to be and how that can help with predictability?

Hon. Marie-Claude Bibeau: You will remember that during the summer of 2019 we had announced \$1.75 billion for dairy farmers, with the first payment of \$345 million. Because of COVID, they didn't have the time to.... We had to put all our resources around emergency programs. We realized that it would take us a bit more time to conclude the amount related to the new CUSMA.

This is why we have made this decision of shortening the delay of paying out for the first two agreements, to give predictability to the farmers, because we understood that it was something very important to them. They understand and they are reassured now. If it takes a bit longer to finalize the discussions around CUSMA, it's still reasonable for them, because they already know in advance what they will receive in terms of compensation for the next three years.

Mr. Tim Louis: Okay, perfect. Thank you.

In regard to talking to some of the farmers in my region here, can you explain which of the sectors would be receiving the compensation as far as monetary goes, and which sectors are getting more of investment-based...? With that compensation money—I believe you

mentioned it before, but it probably bears repeating—are there any conditions on what they can use that compensation for, those sectors that are getting monetary compensation?

Hon. Marie-Claude Bibeau: For the dairy farmers, it's a direct transfer. They can use the money the way they want. It will be distributed to them through the Canadian Dairy Commission, the same way it was done last year. Because they know the process, and the commission is more experienced now, it should be even easier to proceed with this direct payment.

For the poultry and egg producers, they are asking for investment programs and support for market development. We need to have further discussions with them, because these discussions were done a while ago. This is why we're going to meet with them again next week.

Our intention is to roll out these programs as soon as possible. It will be.... I don't have the details yet. It's a work in process, but normally when we talk about investment programs, it's a cost sharing when they make investments to improve their productivity or their capacity.

Mr. Tim Louis: Perfect.

I appreciate your taking the time here and taking the time to listen to feedback from the farmers themselves who can benefit from this.

Thank you.

The Chair: Thank you, Mr. Louis.

[*Translation*]

Thank you, Madam Minister.

It is always a pleasure to receive you and the information you convey, and to have you consult the committee about the different programs. I hope to see you again next year. In the meantime, we wish you happy holidays and thank you for everything.

We'll suspend the meeting and get back to Zoom for the other part of the meeting as quickly as possible, because we want to finish as soon as possible. We're going to spend half an hour planning committee business.

The meeting is suspended.

[*Proceedings continue in camera*]

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