



House of Commons
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 008 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, March 10, 2009

—
Chair

Mr. Larry Miller

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•(1110)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I call our meeting to order.

I'd like to thank our guests for being here today.

I'm going to work from my sheet. Could you keep your presentations to 10 minutes or less per organization, as we have a number of guests here today? Then we can get on with our questioning.

We'll start with Mr. Gillespie, who will speak on behalf of the Beef Information Centre.

Mr. John Gillespie (Chairman, Beef Information Centre): Thank you, Mr. Chairman.

My name is John Gillespie, and I'm the chairman of the Beef Information Centre for Canada. This is a committee of the Canadian Cattlemen's Association. We represent 80,000 beef producers in Canada.

BIC's job is to promote and do market research for the cattle and beef business in Canada and the United States. They are our two important markets.

BIC works directly with packers, further processors, distributors, retailers, food service operators, key stakeholders, and such influencers as health professionals, media, and the government.

BIC's vision is of a sustainable and profitable beef industry, in which Canadian beef is recognized as the most outstanding by both domestic and export customers. Our mission is to maximize the demand for Canadian beef and to optimize the value of Canadian beef products and get the greatest return possible back to the farm gate.

BIC is overseen by an elected committee of beef producers from across Canada and is funded by a check-off from each individual animal sold.

The Canadian domestic market continues to be the largest and most stable market for Canadian beef. In 2007, 65% of Canadian beef production was consumed domestically, while 35% was exported. Canadian beef consumption has remained stable over the last nine years. Beef demand, which measures the relationship between volume of beef consumed and the price consumers are willing to pay, also has been stable during the past decade. In 2007, just over one million tonnes of beef was consumed in Canada. Approximately 80% was Canadian beef. Consumer confidence in the

safety of Canadian beef has also remained strong and stable, despite BSE and other food challenges, such as E. coli and listeria.

Quarterly tracking of consumer confidence shows that Canadians' confidence in beef safety is equal to or greater than our pre-BSE levels, which, of course, was in 2003. We have seen significant increases in the amount of U.S. beef being imported into Canada, however. This is primarily due to tightened supplies as a result of economic factors such as higher labour and processing costs in Canada, which make Canadian beef processors less competitive than their U.S. counterparts.

The Canadian beef industry is working cooperatively to identify and develop the quality attributes and points of differentiation, compared to other proteins, that will position Canadian beef as strongly as possible in the domestic and export markets. The strategy is key to addressing our competitive issues. These points of differentiation include quality attributes such as superior genetics, excellent animal health management, individual animal identification, a world-renowned food safety system, superior grading standards, excellent supply capability, and improved profitability for our customers.

As part of this initiative, a new Canadian beef brand has been developed for both the domestic and international markets. The new Canadian brand will be used to build awareness of Canadian beef's unique attributes among customers and consumers. It will capitalize on our strong consumer loyalty in the domestic market. The Canadian beef industry is aggressively moving forward with a new Canadian beef brand identity, and many key retail and food service customers are beginning to incorporate this brand identity into their marketing program.

The Canadian government can significantly assist the beef industry's efforts by creating a supportive regulatory environment that allows the industry to move forward with a number of key initiatives.

Concerning supplemental quota, Canada currently allows 76,000 tonnes of non-NAFTA beef to be imported tariff-free. This is predominantly non-fed beef, or what we might call industrial beef, that's used for manufacturing purposes. Pre-BSE, the Canadian government would routinely allow supplemental tariff-free beef imports. During BSE, this practice was halted to help ensure market opportunities for mature cattle within the domestic market. Consequently, Canadian processors have adapted to take advantage of the domestic supply of mature cattle—cattle over 30 months of age—and have lessened their dependence on offshore grass-fed cattle. Canadian market share in this segment has grown from a pre-BSE level of 25% to approximately 80% market share today. As export markets for Canadian beef continue to open, it is important, in order to safeguard our domestic supply, that government not return to the practice of allowing supplemental tariff-free imports.

The misrepresentation of imported product as Canadian continues to be a concern for Canadian cattle producers. Our industry has worked diligently to develop a marketplace that prefers and rewards Canadian beef. While the new voluntary "product of Canada" guidelines offer welcome improvements for identifying Canadian products, they cannot work if not adequately communicated and enforced by government.

•(1115)

Historically there has been minimal enforcement of labelling requirements and little concern for the consequences of breaking the law. If the Canadian beef industry is going to work to create improved market opportunities and returns through differentiation of our products based on quality and safety attributes, it is imperative that government safeguard these investments through adequate enforcement of labelling laws.

The United States is the world's largest beef-consuming nation and the world's largest importer of high-quality beef. The United States is also Canada's largest and best export market, accounting for approximately 78% of our exports from Canada. While BSE and country-of-origin labelling, or COOL, as many of us have called it, have impacted beef and cattle trade, the U.S. market continues to offer the highest-value market, with the least amount of import barriers for Canadian beef.

BIC works with U.S. trade clients to mitigate the impact of the COOL program and build awareness of the advantages of Canadian beef. BIC's approach has been to align with Canadian packers and U.S. distributor partners to communicate Canada's key points of differentiation and to provide educational resources and market development support that leverage our comparative advantages.

A number of farm groups, including the Canadian Cattlemen's Association, have spoken to this committee at length about the challenges of COOL. U.S. COOL legislation is negatively impacting Canadian exports of beef and live cattle by introducing additional costs through segregation, labelling requirements, and uncertainty of following the published rule versus the more restrictive voluntary guidelines, as was recommended by U.S. Secretary of Agriculture Vilsack. BIC echoes the view of CCA that the Canadian government undertake all available actions, including the resumption of the WTO challenge, to address this COOL situation.

One of the difficulties facing the beef industry is that check-off revenue available to beef marketing organizations has decreased, while the challenges that need to be addressed continue to increase. Typically, domestic marketing activities have been ineligible for funding support through such programs as CAFI. BIC suggests the government consider making domestic marketing initiatives eligible for funding for agricultural sectors in distress.

In conclusion, Mr. Chairman, the Canadian beef industry is working hard to identify and develop the quality attributes and points of differentiation that will position Canadian beef as strongly as possible in both the domestic and export markets. This strategy is key to addressing our competitive issues and creating an environment that will allow Canadian beef cattle producers to be financially successful.

Mr. Chairman, I'd be more than willing to entertain some questions, if you like.

The Chair: Okay. Thanks, Mr. Gillespie.

We now have Mr. Brian Read and Mr. Jim Laws from the Canadian Meat Council.

Go ahead, gentlemen. You have ten minutes.

Mr. James Laws (Executive Director, Canadian Meat Council): Good morning, everyone. Thank you for inviting us to speak before you.

My name is Jim Laws. I'm the executive director of the Canadian Meat Council. With me today is Mr. Brian Read. He is the chair of our beef committee and also the general manager of Colbex-Levinoff, a beef cattle slaughter facility in Wendover, Quebec.

As Canada's national trade association for the meat industry, the Canadian Meat Council has been representing Canada's meat industry for over 90 years. We have 43 regular members, who operate 134 federally registered establishments across Canada. We also have 70 associate members, who provide supplies and services to the sector.

Our sector is the largest of the food processing industries, employing some 67,000 people, with gross sales of over \$20.3 billion. In 2008, Canada exported 393,000 tonnes of beef, valued at almost \$1.4 billion, to 63 countries. More importantly, Canada exported 194,000 tonnes of pork, valued at over \$2.74 billion, to 107 countries.

Canada's meat sector, as you all know, has been challenged by several major events over the past few years, from BSE in 2003, to avian influenza, to an E. coli event that was related back to a producer in Alberta that took down the Topps Meat Company in the U.S.A., to, most recently, in the summer of 2008, a rare listeria outbreak at one facility in Toronto. The Canadian Meat Council offers its full support to the work of the independent investigator and to the House of Commons subcommittee on food safety, which are reviewing this listeria outbreak. We look forward to answering their questions and offering them our comments.

We are grateful to the Government of Canada for its announcement in budget 2009 to provide \$50 million over the next three years to strengthen slaughterhouse capacity. We view this as an opportunity to improve overall efficiencies. We know our industry needs to grow its scale and improve productivity to compete successfully with the best in the world and, in particular, with our neighbours to the south.

After BSE, our beef sector invested millions of dollars to increase capacity to process surplus animals that could no longer be exported to the United States. Capacity grew from 75,000 animals per week to well over 100,000 animals per week. Now that the U.S. border is open to all Canadian cattle born after March 1999, Canada's beef plant use has fallen off. Last year 63,000 animals were processed per week, on average. We operate in a North American marketplace, and the processing of livestock will continue to flow where the costs are the lowest and the sales of meat are the highest.

Similarly, the capacity at hog slaughter facilities in Canada has increased and consolidated. Maple Leaf Foods has doubled its shift in Brandon, Manitoba, and as we know, Olymel, Red Deer, has readied for that capacity as well. We know that capacity is currently available; however, there are several worthwhile projects to enhance the sustainability and competitiveness of the meat sector.

One ongoing issue that continues to plague the competitiveness of the sector is the enhanced ruminant feed ban. In July of 2007, Canada's enhanced ruminant feed ban regulations came into effect. They imposed tremendous additional costs on our industry, and we are very disappointed that our advocacy efforts to have a special program to help defray the costs of disposal have not yet been answered. We all know that one of our farmer-controlled cow slaughter members, Gencor Foods, closed its doors and declared bankruptcy on April 1, 2008, citing the high cost of this regulatory compliance with SRM disposal as one of the main reasons for its demise.

On April 27, 2009, the U.S.A. will put in place its new enhanced ruminant feed ban. They will focus only on those specified risk materials from older, higher-risk animals. The U.S.A. may also get negligible risk at the OIE shortly and distance themselves from Canada.

Food safety continues to be the number one priority of the meat sector. Controlling bacteria, such as E. coli O157, involves a huge investment. We know, for instance, that an average packer spends over \$5 per head on food safety initiatives, such as steam, lactic acid sprays, and other processing aids. We greatly appreciate the Government of Canada recently approving some additional food safety aids.

We believe food safety upgrades should be eligible upgrades in terms of this new \$50-million program. The needs for improvement and modernization are ongoing.

• (1120)

We also appreciate the Government of Canada's accelerated capital cost allowance for manufacturing machinery and equipment depreciation, which the government announced in 2008, that also allows companies to purchase equipment and write off those expenses to become more competitive.

Government policies such as these, that benefit the entire industry regardless of their regional location, are the ones that help make our industry globally competitive.

With regard to meat inspection fees at federally inspected facilities, we paid over \$21.4 million in meat inspection fees at federally inspected facilities in Canada last year. And these fees are imposed on meat packers in Canada, in addition to the growing cost that we're faced with in terms of complying with new HACCP-based inspection programs, the compliance verification system, and the significant increase in mandatory pathogen testing requirements that we're faced with.

Meat inspection fees are a competitive disadvantage to Canadian federally inspected meat processors. American meat processors pay no regular-time meat inspection fees, only overtime fees, and provincially inspected meat processors pay no meat inspection fees.

We are grateful, though, to the government and to CFI. We are in a CFI working group on user fees, and they have now, I believe, submitted their final report in which it's recommended that there no longer be regular-time meat inspection fees. We hope that's adopted. We encourage the government to move forward with that. And we very much appreciate the Government of Canada's fee remission that was given last year for over \$2 million back to the red meat slaughter sector.

We also fully support the Government of Canada's submission to the Government of the United States in protest to the mandatory country-of-origin labelling and its subsequent notice of the WTO challenge. The final rule as published did provide added workable flexibility that has much improved the fate of Canadian meat and livestock producers from the interim final rule. However, the recent letter to industry that Agriculture Secretary Vilsack wrote, asking for voluntary compliance with more stringent labelling requirements, causes us some concern. But we are hopeful that they will stick to the final letter of the law.

We also appreciate the Government of Canada's ongoing efforts to find bilateral trade agreements, especially with the European Union. With a population of over 500 million people, we believe this market has the opportunity to exceed the demand from the United States for both beef and pork products. We strongly encourage you to move forward with that.

As well, of course, we continue to request a strong deal at the WTO. However, we appreciate the bilateral agreements that this government has been seeking.

We also most recently were disrupted by a looming strike at shipping ports in British Columbia in January 2009. We understand recently that this strike has been averted. However, we encourage you to pass legislation that would include meat in the perishable commodities that should be protected by law should a strike close down our western Canadian shipping ports.

Finally, under human resources availability, we are very grateful for the Government of Canada's extension of the temporary foreign worker program from 12 to 24 months. We're pleased that in the province of Quebec, through the Comité sectoriel de main-d'œuvre en transformation alimentaire, the process is moving forward, and the program will be available to meat processors in Quebec. We're pleased with that.

Thank you very much for your time. We look forward to your questions.

• (1125)

The Chair: Thanks very much, Jim, for keeping under the time.

Now from the Canada Beef Export Foundation, we have Mr. Ted Haney and Mr. Gib Drury.

Carry on, gentlemen.

Mr. Ted Haney (President, Canada Beef Export Federation): My name is Ted Haney. I'm president of Canada Beef Export Federation, and with me is Gib Drury, our board chair and a producer from the province of Quebec.

Mr. Chairman, honourable members, thank you for giving us the opportunity to present to you today.

The Canada Beef Export Federation is an independent, non-profit association established in 1989 to build export demand for Canadian beef in the global marketplace. Since then, we've established local representation in the markets of Japan, South Korea, Taiwan, Hong Kong, mainland China, and Mexico. Today, the federation's 48 members represent over 90% of the Canadian cattle and beef industry, from Quebec through British Columbia. Our stability of membership through the last five and a half difficult years clearly speaks to our industry's unwavering commitment to the international export marketplace.

The competitive advantage of Canada beef is created through the entire industry's working together to increase worldwide recognition and demand for Canadian beef and veal products, long-standing under the Canadian beef advantage brand. Its role is to coordinate strategies and fund export initiatives. The federation delivers the following primary services: market identification and competitive intelligence, market access and trade advocacy, local representation

and international market services, and beef promotion in strategic and emerging markets.

The federation delivered 404 individual export development projects during our last fiscal year, averaging more than one completion every single day. These projects are grouped under the following primary programs: partner programs, where we work cooperatively with individual exporters, 41 projects; member information and liaison, 16 projects; 10 pieces of market research; 7 incoming VIP beef buyers missions; 31 Canadian beef seminars; 108 retail and food service promotions for Canadian beef in international markets; 20 food shows; 85 unique pieces of promotional material; 10 newsletters; and 76 specific projects in advertising and public relations.

We know that these programs are vital and relevant, as Canadian beef and veal exporters attribute 23% of their total trade to Asia and Mexico to the federation's programs and services.

The federation, backed with private and public sector resources, invested almost \$8 million in export programs last year. The federation was able to leverage \$20 million of additional export-oriented capital and marketing investments from its export members over the past five years, creating almost 200 new high-quality manufacturing jobs and protecting thousands of jobs.

The measure of success of the federation's market development program is the export growth our industry was enjoying prior to the closure of world markets in May of 2003. Canadian beef exports to the world rose from 94,000 tonnes, or \$260 million, in 1990 to 521,000 tonnes, or \$2.2 billion, in 2002. From its first full year of operations in 1990 to the last complete pre-BSE year of 2002, exports of Canadian beef to markets outside the United States increased from just 9,000 tonnes, under \$30 million, to 158,000 tonnes, \$540 million. This represents an annual rate of increase of 28% in each and every one of those 12 years. That saw us outpace all our international competition and establish an enviable track record of economic and trade success. Our beef export dependence on the United States during that period dropped from 90% to less than 70%.

Commercially viable access to our major markets in Asia and Mexico has the ability to add \$85 per head in value over what can be generated here in Canada for beef derived from animals under 30 months of age. Further, these markets have the ability to add \$100 in additional value over what can be generated for these same products in the United States. It is this export premium that must be accessible to us for our industry to prosper—really, to survive.

Canada's beef and dairy cow herd is estimated at 5.6 million head, with production this year estimated at 1.5 million tonnes. It takes the production from about 3 million cows to meet the beef consumption needs of our domestic market, which is about 1 million tonnes. The Canadian market is an excellent one, but it's simply not large enough to absorb the beef production from our 6-million-head national cow herd. We have to remain focused on deriving full value from international markets. The extent to which we're successful in creating commercially viable access, not only to Asia and Mexico, but to Europe, Russia, Middle East, and South America, will determine the eventual size of our industry.

• (1130)

What lies in the balance is the difference between an industry maintaining some six million cows and one maintaining three million cows. Our industry cannot promote itself through market access barriers.

The mood of our industry is reflected in export goals set each year by our export members. Their view of the achievable is a reflection of market realities. In 2006 our export members set the export goal for the year 2015 at 800,000 tonnes, with 354,000 tonnes going to Asia and Mexico. In 2007, after very little incremental access being earned in the previous year, those export goals were decreased to 650,000 tonnes, with 258,000 tonnes going to Asia and Mexico. And in 2008, after, again, another year with very little new access being earned by our country, export goals were lowered to less than 500,000 tonnes, with just 168,000 tonnes destined for Asia and Mexico. The federation's members stabilized their 2015 goals at 521,000 tonnes in 2009, with 210,000 tonnes going to all markets outside of the U.S.A.—some possible glimmer of hope being reflected in their long-term plans.

What our export members are telling us with these lowered expectations to 2015 is that, all other things being equal, they're going to process 300,000 fewer tonnes of beef for export. This means that 750,000 fewer head of cattle will be processed in Canada, and either these extra cattle will be exported to the U.S. or our cow herd must drop by 825,000 head. Our members are indicating that it likely will be a combination of both—we'll export more live cattle than anticipated and have a smaller herd.

There is cause for optimism. The federation believes we have reached a turning point and are now on the slow road to recovery. In 2008, world markets for Canadian beef increased 8.4% over the previous year, at 393,000 tonnes. Exports to the federation's key markets in Asia and Mexico increased 10%, to about 80,000 tonnes, or \$300 million, during the same year. Exports to markets outside of the United States again now represent 23% of worldwide beef exports. Our dependency on the U.S. has decreased to 77%.

With the Government of Canada's announcement on January 9, 2009, that it was acting upon two key recommendations of industry, the outlook for the Canadian cattle and beef industry has become yet more promising. These actions are to create the Agriculture and Agri-Food Canada Market Access Secretariat, and to pursue incremental access that is commercially significant to the industry. Already this new approach to market access is delivering results, with market expansions in Hong Kong and Saudi Arabia. The federation believes that utilizing the Canadian government's new

approach of pursuing incremental access, independent of the timing and terms of U.S. negotiations, in key export markets such as South Korea, mainland China, and Japan, would be of tremendous value to our industry.

I am an optimist. I believe we must do the following: champion a new focus on Canada's international trading life; modernize Canada's trade negotiation strategies and philosophies; stimulate the development of a deeply rooted export culture in our industry and governments; rebuild the optimism necessary to process 4.5 million cattle in Canada, with 1.4 million just for Asia and Mexico; and export 800,000 tonnes of beef out of Canada by 2015, with half of that total imported by markets outside the U.S.

It's high time for the Canadian cattle and beef industry to turn its attention from survival to the continued pursuit of growth and prosperity. Trade is a big part of that solution.

Thank you very much.

• (1135)

The Chair: Thank you very much, gentlemen.

We'll start our seven-minute round, which will include the questions and answers for each witness.

Mr. Eyking.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you very much, Mr. Chair.

I thank the guests for coming here today. Over the last few meetings, our committee has been getting quite an insight into the industry, where it's going and where it's coming from.

I have two questions. One deals with the price that beef producers are receiving. Recently we saw a graph showing that eight years ago, producers were getting 25% of the retail dollar of beef. I think right now it's down to 16%. Somebody else is taking the money. Probably retailers are taking a good chunk of it, but also processors are taking a little more than their share.

Why is that happening? Is it maybe because the processors who have feedlots are interfering with the price that the farmers are receiving?

You mentioned selling our beef worldwide and how important it is for Canadian producers, but what seems to be evolving is a bit of a patchwork across this country as far as programs available to beef producers go. We see in Alberta, I think, two programs totalling up to \$600 million to help the beef producers. I think B.C. has \$12 a head out there.

I'm wondering where our industry is going. Is it going to have this patchwork of programs that are not helping beef producers, or even have some provinces outbidding other provinces in helping their producers, so you're going to see more of a concentration in one area? Is that healthy, and is that the way we should be going as an industry?

Those are the two questions. One is what is happening to the price that farmers are receiving. The other is where our industry is going with the insufficient programs the federal government has. I'd also like to know about the patchwork that's happening across the country in different provinces.

Mr. Brian Read (Chairman, Beef Committee, Canadian Meat Council): I guess I'll start with the first one.

The packing industry, in general, does not study prices at all. I have a P and L from last year that's now public domain—we're owned by the Quebec cattle producers, as we all know—and my numbers will not contribute to me taking the profits. It's the complete opposite.

Regarding this concern about the reduction to the producers—to 16% of retail value—again, I'm not sure what drives that model, so I'm not willing to get into it, but the packers do not operate on that basis. We operate on a per-head basis. Our volume has been reduced. That's why I'm a little concerned about this number that you've posted publicly. When we reduce the volume in these efficient plants, we're going to lose a minimum \$20 a head if we can't fill our capacity. And that's what I look at, our kill capacity; we're not utilizing it.

I apologize that I don't have a black and white answer for you.

Hon. Mark Eyking: Just to touch up on that answer—because I'm asking the question about the processors who have feedlots—are they interfering with the price that ranchers and farmers are receiving by sometimes backing off on buying from farmers and pulling the price down? Do you see any of that in the industry?

Mr. Brian Read: I have contact with one who has a big feedlot today; he didn't have it yesterday. It doesn't have an impact on their full kill. It doesn't fill their kill on a weekly basis, nor do they use it for leverage, because when they're ready, they move.

I guess I should turn it over to the producers to see if they feel that way, because I don't see that. I really don't. I think, if anything, it helps the calf sales, does it not? It's a customer.

• (1140)

Hon. Mark Eyking: I don't mind if somebody else answers, but I want some time left for my second question, too.

Mr. John Gillespie: Your second question is on provincial programs.

Just to speak to the concept of meat packers owning cattle, as far as we're concerned, we don't think that negatively influences the price. You have to remember that they have to buy those cattle from somewhere. We're cattle producers, and we enjoy selling them to a willing buyer, so that's just another good markup.

We want a consistent kill, or a consistent processing of numbers, in the meat-packing industry. If that inventory of cattle helps smooth out the ups and downs as far as the capacity is concerned, so much better for the viability of the industry. So we don't speak against that.

If you want to speak to the provincial programs in Canada, it's true, that is a major issue. We have a lot of balkanization going on. It's a big issue with us at Canadian Cattlemen's Association, especially with Alberta. They represent the largest volume of cattle in there, and they've been pumping money to their producers, to the

disadvantage of all the other producers. We at Canadian Cattlemen's are trying to address that issue, and we think we need some federal leadership on that matter.

But yes, it does greatly disadvantage producers from other provinces.

Hon. Mark Eyking: On the federal leadership that you require to help have an even playing field across this country—and of course so we can continue to have a strong industry—how do you think the federal government should be playing a lead on that?

Mr. John Gillespie: We do have the CAIS program, which is common to all provinces. One way is that we can offset that money if the.... If one of the provinces wants to bulk up the money, we can withdraw or delete some of the federal CAIS money that goes into those provinces to make some equalization.

Hon. Mark Eyking: That's a good point.

Mr. Gib Drury (Board Chair, Canada Beef Export Federation): Honourable members, speaking from a producer's point of view on the balkanization of programs, I think what the federal government can do, which would actually help us more than anything else, is get us access to these out-of-Canada markets.

They will add more value to our products and put money not just in the producer's pocket, but in the processor's and the exporter's pockets. It pales in comparison with the \$40 Saskatchewan gave, or with the \$120 Alberta gives. Get us into these foreign markets: do whatever is required to get us access and a lot of the money problems will solve themselves.

The Chair: You have about 45 seconds, if you want to use it.

Hon. Mark Eyking: Ted, do you want to add to that?

Mr. Ted Haney: This relates to your first question. The time when producers have the highest percentage of Canadian retail revenues is when there is the maximum demand for our products worldwide. In 2002 we had a much higher percentage for producers in the Canadian retail, because we exported 60% of our product outside of Canada, and 20% of our product was actually exported outside of North America. That means the world has the capacity to compete for every muscle and every cut with every player in Canada. That competitive environment put more dollars into the pockets of producers. Trade is a major determinant of that.

When you can't trade, throughput goes down, fixed costs have to be paid, variable costs go up, distribution costs per unit of production go up, and there's less money to go around to all pockets. That just doesn't work for us as an industry. It doesn't work for consumers either.

The Chair: Thank you.

Mr. Bellavance, for seven minutes.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you.

Mr. Laws, in 2007, this same Committee was already discussing the crisis in the beef industry. During the course of your participation, as a witness in the work of the Committee, you at the time mentioned an issue that you brought up again today, a year and a half later, namely the costs related to inspections, export duties and export certificates. You, among other things, stated back in 2007 that our competitiveness vis-à-vis the Americans was hurting, given that it can cost our producers and our processors up to \$20 million more compared with the situation on the American side.

The Committee put forward recommendations in the report that followed its study. We, for example recommended that the Canadian Food Inspection Agency review all of its programs. You stirred my curiosity earlier when you said that you sit with the CFIA on a committee that is presently looking at this very issue.

Where are things at in this regard? What have your discussions been about? Have you seen any improvement since your previous appearance before us and the tabling of the Committee's report? Have there been any notable and tangible changes in this area?

• (1145)

Mr. James Laws: Indeed, last year, red meat slaughter houses received \$2 million back to cover the costs they had paid.

Furthermore, one of the recommendations contained in the report prepared by this Committee with the help of the industry and producers was aimed at eliminating regular hour inspection costs for slaughter houses and following more closely the American model. I am not sure, but I believe that the final report was submitted to the minister of Agriculture and Agri-Food. It is our hope that it will be adopted as is.

Another interesting element flowed from the report. Given that all of the inspection fees are frozen for at least 10 years, they no longer fall under the new performance criteria. An annual performance report to Parliament is clearly required for all new fees approved by the government. If the slaughter houses do not perform to standard, coverage of the fees paid out by the slaughter houses and by all of the users of the agency's services will decrease.

It is our hope that the entire report will be accepted.

Mr. André Bellavance: You are telling us that after the tabling of the report containing all of these recommendations in 2007, discussions took place and the file moved forward. Yet we still today have this disadvantage compared with our American competitors.

Mr. James Laws: Yes, precisely.

Mr. André Bellavance: Are the amounts of money involved at the present time approximately the same as what they were back then?

Mr. James Laws: Yes.

Mr. André Bellavance: It is still \$20 million?

Mr. James Laws: It is a little bit more than that.

Mr. André Bellavance: I would like to clarify something for the public who is following the work of the Committee but who is not necessarily familiar with the agriculture file. One must be careful: when we talk about inspection fees, there is no intention here of eliminating inspections. We know that the whole food safety issue is tremendously important. We know what happened. There is a difference between eliminating inspection fees and eliminating the inspections themselves.

Mr. James Laws: That is exactly it. In the food sector, we are the only industry in Canada for which, in accordance with the law and the regulations, a large number of inspections are assigned to each federally regulated plant. On top of that, we pay inspection fees. We believe that we should not have to pay such fees. However, even though we are paying these fees, we do not like their present structure. If we are required to pay fees, then we want to see them adjusted in order to reflect the model that is followed in the United States, in order to be more competitive. We would like to be charged only for overtime hours but not for regular hours.

Mr. André Bellavance: You also talked about the increase in the kill capacity. We found a measure in the last budget. You might be able to comment on that, Mr. Read. You are fighting like we are for the viability of the Levinoff-Colbex slaughterhouse. Given what has come out of the budget, will you be able to qualify for financial assistance from the federal government for the Levinoff-Colbex slaughterhouse? Have you had any indication from the minister as to the possibility of obtaining financial assistance under the program? We know that \$50 million over three years is not an enormous amount of money. You have just gone through a \$30 million recapitalization. This is what producers have done. What is the nature of your needs? In your view, is there some openness as far as obtaining this aid is concerned?

[*English*]

Mr. Brian Read: Thank you for that question.

Again, I don't think I thanked this committee for allowing me into it. I congratulate all of you for your efforts to sustain our industry in this country; that's our objective.

To answer your question, yes, we do feel we qualify. I think we have a real success story. We have a total commitment from the producers in the province of Quebec, as you're aware, of \$30 million. You can't ask for much more support than that.

Are we sustainable? It's been there for almost 50 years. There's no reason why we're not sustainable for tomorrow.

We're not looking at increased capacity with that \$50 million. We do not support that as an initiative in this country. We have ample capacity. We're looking at efficiencies. That's where we would qualify 100% under that \$50 million. Specifically with regard to my operation, yes, it does, within the guidelines.

Do we know where it's at? The moneys haven't flowed. I just heard today a rumbling that it goes to committee tomorrow, all the applications. Maybe you know more than I do, André; that's all I've got.

That said, absolutely we do qualify in the spirit of the \$50 million. Again, we look at it for food safety initiatives as well as for increasing efficiencies in this country in the beef sector.

• (1150)

The Chair: Thank you very much.

We move on to Mr. Allen, for seven minutes.

Welcome, Mr. Allen. I think this is your first chance at the committee here.

Mr. Malcolm Allen (Welland, NDP): Yes, it is, Mr. Chair. I thank you for that. I guess B.C. is not the sunshine place we think it is; Mr. Atamanenko is snowed in, it seems.

Let me follow up on my colleague's questions around slaughterhouses. On the one hand, we hear producers talk about slaughterhouses from the perspective of needing to see more across the country; on the other, there's the perspective of needing access to them. We're really kind of caught, it seems to me, between the producer saying they need access in that competitive sense, and the others saying....

I understand your sense of efficiencies. I come out of an industry that relies on efficiencies. Your sense is that you need to have a certain number go through every day. Otherwise you're not efficient. And that's fair. That's usually what happens with industries when they get extremely efficient and when they get more automated, or if, indeed, they use new processes.

Perhaps you could square that circle for me; I'm new to the agriculture committee. Producers are saying that it's not necessarily great for them. But it may necessarily be great for you, at the processing end of the business.

Mr. Brian Read: I'll take the first swipe at it.

That's a fairly broad question. The people sitting to my right do a lot of good work for the beef sector. Believe me, we appreciate all the efforts of the cattle industry as well as the marketing strategies. We're the policy side on the CMC. We appreciate all the good work and the efforts that go into things for us, but when we look back, we have the ability to learn from history.

We're in the agriculture standing committee. A lot of us were present there in 2004. When we looked at increased capacity in Canada because of the BSE and the border closures, etc., one of the things the meat industry did comment—and darn it all, we can say we were right, historically—was that if we increase capacity, we'll see its demise when we resume so-called trade, as we know trade. And lo and behold, here we are in five years—five years in May, from the time we met in 2004.

When we talk about efficiencies, if we want to be in the global world, if we believe we are global, and I think we do, we need plant efficiencies. It sounds foolish, but if you increase efficiencies, you reduce your costs. That's the only way we will compete with our American counterparts. We always look at them as our counterparts

or our benchmark because they're direct competitors. We have similar food safety protocols. They're not identical—i.e., inspection fees without detail—but we do have similar protocols we can benchmark ourselves against. So when you look at it, we need equivalency with them.

I don't know; did that answer your question?

Mr. Malcolm Allen: That's helpful. Thank you.

Mr. John Gillespie: Regionally, there are places in Canada that are in a deficit of capacity to slaughter animals. However, one of the best ways to address that issue, I believe, is openness across that international market. We need to be able to move cattle from areas of surplus in Canada to some meat-packing plants just south of the border. When you talk about this discrepancy, Manitoba is the first place that comes to mind.

I believe you are from B.C., aren't you?

Mr. Malcolm Allen: No, I'm actually from Ontario, but that's all right. I want to be from B.C. when the weather's nice.

Mr. John Gillespie: Manitoba is the first one to come to mind there. They're in a deficit in that particular area, but they have plants in the United States across the border that do kill that meat for them, and they need access to that. Although they still have access to the plants, COOL has allowed many of those plants to shy away from Canadian cattle, because of the complications of trying to segregate the Canadian product from the American product. As a result, they have a decreased price in that particular area.

• (1155)

Mr. Malcolm Allen: You talked earlier about input cost. I think one of the numbers you rolled out was \$5 for food safety. That's kind of an all-in figure, and I would imagine the different things you do internally. Is that beyond the fees you were talking about for CFIA?

Mr. Brian Read: In the beef sector we have a pathogen called E. coli 0157:H7, and that \$5—it could be more per plant—is a minimum per head for just the interventions to attack that specific pathogen, which have been put in place in the last five or six years. It's over and above all the other food safety initiatives we have within our buildings.

The Chair: Mr. Haney just had his hand up, if it's okay with you.

Mr. Malcolm Allen: I'm sorry, I didn't see it. I have a bad eye on that side.

Mr. Ted Haney: No problem.

It's one thing to increase meat-processing capacity, but it reminds me of the saying "all revved up, but you have to have some place to go", and that's trade. The U.S. and Canada generate revenue from cattle a little differently. In the U.S., in the best environment, they export about 12% of their production to world markets. We, when we're healthy, export 60% of our production to international markets. We are significantly constrained from generating revenues in many of our international markets. As such, that historic self-sufficiency of beef-processing capacity in 2006-07, at about 5 million head, has dropped now to a beef-processing capacity of about 4.4 million head. A large part of that was the inability to run full-capacity runs, because we didn't have access and don't have access to international markets such as we did before BSE, and cannot generate the revenues to be profitable.

The revenue side of the equation is also incredibly important. Trade is the solution toward moving back, and bringing capacity back, into our industry profitably, maintaining that capacity, and going back toward an eventual self-sufficient level. Just building it is only part of the story.

The Chair: You have about half a minute, so if you have a question, keep it brief so that we can get an answer.

Mr. Malcolm Allen: That brings up an obvious question, at least for me. Looking at the actual producers, I'm hearing this whole sense about trade and that we need to make sure we can access it. Is it the belief across the table—hearing what the chair has said about time limitations, I can take either yeses or the nodding of heads—that trade is going to be the be-all and end-all for the producers at the end of the day? Will they actually be profitable in this business they have decided to go into? Or are they still going to be at the bottom of the chain, trying to survive?

The Chair: Be very brief, please.

Mr. Gib Drury: Yes, I think trade is the be-all and end-all. On the other hand, the producers have a job to do themselves in getting organized and branding their product and doing the traceability required to access these markets.

You have in your own province the excellent example of Ontario corn-fed beef, which is solving that slaughter problem by organizing at the producer level to get a volume of cattle to the packer. He can take it from there and demand a premium.

The Chair: Thank you, Mr. Drury.

We will go to Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thank you very much, gentlemen, for being with us today as we study this important sector of agriculture.

Certainly, with the other witnesses we have had before us, the theme of opening markets and international trade has been a constant message, both from the necessity point of view that we need to do this and from the point of view that we are actually accomplishing it. As you know, Minister Ritz has devoted an extraordinary amount of time and effort to international visits to open markets for the livestock sector.

In fact, I think, Mr. Drury, you were there in Saudi Arabia.

• (1200)

Mr. Gib Drury: Yes.

Mr. Pierre Lemieux: I want to ask you, either Ted or Gib, what you see as the impact on the processor chain of opening international markets. Do you see all aspects of the processor chain benefiting from this? With small farms versus medium farms versus big farms, do you see one gaining a bigger advantage than the others?

Mr. Gib Drury: All farms are going to benefit from the access that we can obtain. It's not just on the primary meat cuts, either; it's on the byproducts more than anything else. Parts of the animal that we are unwilling to consume in Canada will add that mythical \$85 to each animal, if we can find an export market for them.

Minister Ritz is doing an excellent job, and I think he is on the absolute right track. If you send an assistant deputy minister over on a trade mission, all you ever get to meet is their equivalent over there. When the minister goes, he doesn't see only the Minister of Agriculture. In the case of Jordan, he visited with the Prime Minister. Unfortunately, that's the level these trade talks have to be at now. It's a political issue, not a technical issue any more.

Mr. Pierre Lemieux: The NFU has issued a report, and they are very much advocating focusing on the domestic market. One of their key recommendations is to focus on the domestic market. In fact, they make a statement that there is an over-dependence on export markets.

Have you any comments on that?

Mr. Gib Drury: These are the two specialists on the domestic market. As far as I can tell, we've already satisfied all the demands of the domestic market—100%. We are already furnishing them with all the product they can possibly consume.

I'll will turn it over to the pros.

Mr. Glenn Brand (Chief Executive Officer, Beef Information Centre): The domestic market is going to be critically important, as it's the main base we'll function from to create a sustainable industry as we move ahead. The challenge we have domestically is that we've seen an increase in U.S. imports of both beef and pork into Canada. That is because of cost disadvantages in the production sector.

So to maintain a strong domestic market, we're going to need to maintain our market share relative to imports to continue to move ahead.

Mr. Pierre Lemieux: Go ahead, Ted.

Mr. Ted Haney: On just the numbers, I agree. The Canadian market is an absolutely vital base that we need to continue to pay a lot of attention to. But again, the numbers just say that if we were able to generate a 20% increase in consumption in Canada, it would increase the absorption rate from 3 million cows—the equivalent in beef—to 3.6 million cows. We have 5.6 million cows. So it is very important.

But trade is where we bring in demand for every pound of Canadian beef, every kilo of Canadian beef, from every muscle, and make sure that the consumer at a supermarket in Japan has the ability to compete equally with a consumer in Canada or a supermarket in Canada for that same product. Through worldwide competition, prices at all levels and at all sizes within the industry improve. That is when we are healthiest.

Mr. Pierre Lemieux: I think what we're hearing is what I stated at the beginning—the importance of the international markets to the long-term viability of the livestock sector.

Certain provinces are offering a per-head payment for cattle, and we've had people asking the federal government for it as well, saying that we should be there, ante-ing up. One of the concerns we have on the government side is that if this were a national program, it would be countervailable. And if that were to happen, it would have a dramatic, negative impact on our ability to open foreign markets and to sell beef internationally.

What are your thoughts on that, given the importance of these export markets to the long-term viability of the livestock sector?

Mr. James Laws: I want to add something with regard to your previous question concerning the minister's visit to Saudi Arabia. We have one particular sector of our industry, the veal sector.... There is Ecolait in Montreal, and Delft Blue out of the Cambridge area. They have quite a veal industry, with farms and subcontracted farms, to get these veal calves. They were very pleased that Saudi Arabia opened up; there is quite a demand there. The next step they're hoping for is to get bone-in veal, for younger animals, into that market, because there certainly is a market for that.

From the Canadian Meat Council's standpoint, making sure that there is access to the United States for live animals and for meat is.... We truly are an integrated North American market. We saw that when the border to the United States closed when BSE hit. That totally destroyed the normal market situation in Canada. As long as the border remains open for live cattle, there are plenty of packers bidding for animals everywhere, for all the farmers. It works very well. The huge market south of us—303 million Americans for our 33 million Canadians—and, as Ted was mentioning, on top of that having other markets available to us to add value to those parts of the animal that are not particularly valued here, is the formula for success. We have to make sure we keep all those markets open.

• (1205)

Mr. Pierre Lemieux: Thank you.

Let's go back to my last question. We have about 30 or 45 seconds.

Mr. John Gillespie: I'd like to address that, if I may.

Mr. Pierre Lemieux: Please do, by all means.

Mr. John Gillespie: We have the CAIS program. You talked about balkanization, with some provinces having various provincial programs, and about what the federal level can do. From the Canadian cattlemen's perspective, we have been lobbying for some modifications to many of the details within the CAIS program that would make it much more responsive, and as a result of which there wouldn't be the provincial need for some of those programs. If we could make changes to CAIS such as Canadian cattlemen have been

lobbying to see for several years, I think we could make the program much more responsive and make it a true, fair federal program.

The Chair: Thank you very much.

Mr. Valeriote.

Mr. Francis Valeriote (Guelph, Lib.): To a certain degree, I'm like Mr. Allen in that I've only been on this committee for two or three weeks. I am still trying to get a good perspective on the industry.

My sense today is that if we listen to every one of you, everything is fine, thank you very much, and this committee can pretty much wrap itself up and go home, because Mr. Easter is doing everything just fine. That's the sense I'm getting—

Voices: Oh, oh!

Mr. Francis Valeriote: I didn't mean Mr. Easter—I'm sorry—I meant that Mr. Ritz is doing everything just fine.

Yet a couple of weeks ago we had before us the National Farmers Union, and I'm concerned about their concerns. They mentioned thousands of farm operations basically evaporating yearly. Their solution really amounts to a certain degree of supply management, which I imagine would contravene trade agreements.

On the other hand, I've heard from cattlemen who feel that everything is working, to a certain degree. While I hear that one of the answers to this is that we open up foreign markets, we don't always have the opportunity for access to foreign markets that we need, which means that we have to deal with the problem or dilemma we face here in Canada. That is, in the absence of foreign markets being available, how do we help those farmers who are suffering and are not getting the prices? I've heard them talk about captive supply, and about any number of other issues that are of concern to me.

Somebody tell me why the National Farmers Union is wrong, if they are, in their assessment of the issue and the dilemma. And somebody tell me how the big farms, on the one side, and the small farms, on the other side, can coexist. Can somebody tell me that?

Mr. John Gillespie: First of all, it's a policy within the Canadian Cattlemen's Association that we believe in free and open markets. The NFU policy of restricting supply by closing borders and talking strictly domestically would, we believe, be very restrictive to producers. It would mean that almost half the producers would have to go out of business. We don't see it as sustainable.

As far as income is concerned, yes, we definitely have challenges for the Canadian beef producer. One of the ways of addressing it is, as I said, to make the CAIS program much more responsive to the smaller income that tends to go to the beef industry right now, to shore up some of the discrepancies within price. COOL is one program that has substantially reduced the price of cattle in western Canada. We can alleviate the situation by getting over some of the hurdles COOL has put before us, so that we can get competitive bidding from the American packing plants.

We do believe some live animals have to go south to keep the marketplace true and alive. We do not want to process all the cattle inside Canada. We need as many bidders in the marketplace as possible. We support the concept of the American meat-packing plants being up here buying cattle. Of course, if they're going to bid on the market, they have to be successful in buying some quantity.

So that's what keeps our marketplace vibrant and alive here.

• (1210)

Mr. Francis Valeriote: Is there an aversion to regulating, to a certain degree, the ownership and control of cattle by packers?

Mr. John Gillespie: First of all, in terms of any cattle that meat packers own, they only own them for the last 120 to 200 days of the animal. They don't produce those animals. They buy those animals, all from farmers. As I say, those are all good cheques, and we enjoy selling our cattle to willing buyers.

Mr. James Laws: I want to add as well that many of the packers buy cattle on specific programs. If they have been specially fed to handle a certain brand market that the packers have, they need to make sure they have those cattle lined up. Some of the packers have their pricing out a year in advance, and so they need to make sure they have enough cattle in the pipeline to meet their sales needs, to keep everything going along the way.

The Chair: Thank you. Your time has expired.

Mr. Storseth, you have five minutes.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Chair.

I'd like to start out by thanking everybody for coming today. It's a very interesting discussion. I think it's very fruitful for the industry, and I'm glad you took the time.

Mr. Gillespie, I'd like to start with you and give you an opportunity to clarify something that I probably just heard wrong in your answer to Mr. Eyking.

I mean, surely you're not suggesting in any way that Alberta producers should be penalized under the federal programs because they're getting an additional \$120 per head.

Mr. John Gillespie: Well, that would be my personal opinion, to take the money from Alberta. Our policy in the Canadian Cattlemen's Association is to make the CAIS program much more responsive, so that individual provinces don't need to launch their own programs.

Mr. Brian Storseth: I think you missed the mark. I'd like to give you a chance later to talk about that.

Mr. Haney, you talked about the \$85-per-head export premium that we can get in Asia, or the \$100 per head in certain markets. In the discussion with the parliamentary secretary, the thing we missed is that some of the product we export is product we can't sell here in Canada. There are markets for offal and other things, which we can sell and they want, that quite frankly we're not going to utilize. I think you're absolutely right in your comments, but I'd like you to extrapolate a little.

We had SARM here at the last meeting, and they were talking about how they wished the Saskatchewan government had taken the leadership role that the Alberta government took when they put the \$120 a head in place, attaching age verification to it. They believe that's going to be critical in gaining some of this export premium throughout the world.

Do you agree with that? What role do you see age verification taking in our opening of export markets?

Mr. Ted Haney: Age verification is a tool that is particularly useful right now for the market in Japan, where imports of beef are restricted for animals under 21 months of age. There's no reasonable physiological measurement to identify these animals once they're already a carcass, so age verification becomes the tool. We are expecting to see a surge of exports to Japan in 2009 because of the increased numbers of cattle being age verified in Alberta—bleeding off, as a result, into Saskatchewan, B.C., and Manitoba as well.

That said, it's not per se a market opening tool, but it exploits access that is already given to us. It allows us to sell more into a highly restricted market. From that perspective, it's very effective.

From an export perspective, the more cattle that are age-verified, the more we'll export to age-restricted markets. As to how that's done, I'll leave it to government and industry in Canada to work out their own ways of moving forward. But it is very useful.

It's also clear that if we're going to get our income from the market, then we need markets and we need a lot more focus. The committee has a document package that has been delivered to it from Canada Beef that describes a complete revitalization of how Canada approaches market access. That part isn't fixed; it isn't done. We aren't moving ahead, we aren't leaders, and we aren't opening markets nearly as fast or as effectively as we need to. It's not fixed, and it is an area that needs a great deal of focus, and then we can get our income from the markets. But in order to do that, we have to get the markets.

• (1215)

Mr. Brian Storseth: Mr. Haney, would you agree that the competitiveness aspect of our industry is an area the committee should be making a priority and focusing on at this point in time?

Mr. Ted Haney: I believe, as I said in my opening statement, that both within industry and governments, new international focus, orientation, and culture are required.

I'll give you a short example to show that: electronic certification of the movement of beef products. Years ago we put into full electronic format the importation certificates for Canadian beef. In the last few years, we actually put in a certification system such that our electronic database goes into the New Zealand database and extracts all of their certificates...handshakes, and there at the point of entry is all the information for the inspectors. That's sophisticated.

For export certificates, it's a paper base. It's months and months behind before we get export data. They're in boxes in the back of vets' offices. There's no regulatory focus on the drive for exports. It's not a technical issue, but a trade policy issue—and that needs revitalization. I think it's important for this committee and for our entire industry and governments.

The Chair: Thank you.

Your time has expired, Mr. Storseth.

Ms. Bonsant.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Welcome, Gentlemen. This file is new for me as well. Furthermore, I have a little case of the flu.

Given that you want to develop a world market for your beef, I was wondering if you had changed your feeding practices for your livestock, in order to avoid any re-occurrence of mad cow disease. If we succeeded in opening our market worldwide, all you would need is a single case of BSE to be discovered in order for the whole thing to crumble and fall.

Mr. Gib Drury: If you will allow me, I would like to answer, as a producer.

The act that was passed prohibits us from feeding SRMs to animals, be they cows or other livestock, as well as pets. These changes are in place and are being enforced. We are therefore prohibited by law from doing something that we did not want to do initially.

Ms. France Bonsant: I will share my time with Mr. Bellavance, who had not finished with his questions.

Mr. André Bellavance: I would like to come back to you, Mr. Read.

You stated earlier, with regard to the kill capability, that the best strategy did not necessarily consist in increasing the number of slaughterhouses in Canada but rather in ensuring the sustainability of those that already exist, among others the Levinoff-Colbex slaughterhouse in Saint-Cyrille-de-Wendover.

If, in the context of the current program, you were to obtain financial assistance from the federal government to ensure the sustainability of this slaughterhouse, would you be able to guarantee that your request for funding would not be recurrent, in other words, that you would be able to hold the fort for quite some time without governments having to inject monies too repeatedly or regularly?

[*English*]

Mr. Brian Read: I'm from the meat-packing/meathead standpoint. Looking for government money is not my forte. It has never been in the meathead standpoint—I think the Honourable Wayne Easter can support that initiative—unless it's absolutely required.

We have a unique opportunity in Quebec. I'll talk specifically about it. We have one of the most effective and efficient slaughter floors in the country. It doesn't have a boning operation and it has to transport everything into Montreal. That's an automatic saving of over \$2 million a year just on that part of it, not including whatever else we can do.

But as far as my coming back every two years for government funding, I sure wouldn't know how to do that. It's just not in my background. I apologize for that, but it's not required. Getting our capacity and our slaughter numbers up is.

Can I just take a second to refer to your question on feed...?

• (1220)

The Chair: It's Mr. Bellavance's time.

Mr. Brian Read: I'm sorry; did I answer your question, Mr. Bellavance?

[*Translation*]

Mr. André Bellavance: Yes, absolutely.

Do I have any time left, Mr. Chairman?

[*English*]

The Chair: You have a minute and 15 seconds.

[*Translation*]

Mr. André Bellavance: I was wondering if you were aware of the statements made by the minister of State for Agriculture, Mr. Jean-Pierre Blackburn, that appeared last week in the weekly publication entitled *La Terre de chez nous*. He is quoted as stating that he is open to the possibility of granting financial assistance to the Levinoff-Colbex slaughterhouse, but that it would be in the form of a repayable loan. This is the first time I have heard talk of a repayable loan.

Have you heard of this? Would this satisfy you even if this is not what is outlined in the budget?

[*English*]

Mr. Brian Read: I'm not sure if I'm in a position to answer that right away. I heard it by rumour. You'd have to put a pencil to it and see exactly where it is and what we're talking about in the spirit of the loan. I'm not in a position to say, because I haven't studied it.

You're the second person...and the other person was arm's-length away from it all. You can't really base your decision on emotion. You have to have a look at what we're talking about and the principle of it, correct?

The Chair: Your time has expired, Mr. Bellavance.

Mr. Richards.

Mr. Blake Richards (Wild Rose, CPC): Thank you.

Thank you to all for being here today.

I want to focus on a couple of things I am hearing in common from all three groups. It seems to me the two issues I'm hearing seem to be the biggest facing the industry right now, certainly, first of all, country of origin labelling and the impact that is having and could have on our industry. Then there is the sense of optimism that I seem to hear in our government's approach to market access, particularly the creation of a market access secretariat and pursuit of bilateral agreements with announcements such as the ones in Hong Kong and Saudi Arabia. I am sensing a general satisfaction from all three groups here with our government strategy in that regard and the promise that brings for the future of the industry.

Is that in fact the case? Do I hear from all three groups that those issues, COOL and market access, are the two most important issues facing the industry right now? And why or why not?

Mr. John Gillespie: I'll go for that first.

I would say we probably have three main issues: trade, COOL, and profitability of the industry; that's another challenge before us right now. Many of the folks in the cattle industry are liquidating and the beef supply is being reduced. The cow numbers are being reduced because there's a general spirit from the west to the east that there is not enough profitability left in the beef industry, and so people are exiting. Profitability is a major challenge in front of us, and some of that is affected by both COOL and international trade.

Mr. Blake Richards: Ted, I can see that you want to jump in on that as well.

Mr. Ted Haney: No question, the two are related. COOL represents a restriction on the ability to generate full-value trade to the U.S. It's a trade protectionist policy, so that means the need to generate full competition from all other markets is part of the solution in addition to challenging those restrictions by themselves.

We have hope associated with the announced agriculture market access secretariat, and there's promise associated with it, but we haven't seen what it is. We need to be deeply involved in generating what it will be. To the committee, I delivered a quick look at what it might be—25 recommendations for what it must embody—and also a copy of a letter signed by 12 organizations to Minister Ritz reinforcing what the elements of success for an AMAS might be.

So there's hope and promise, but the demonstration—that's yet to come. We need to be very much involved in that.

And yes, trade is vital. It's all related.

• (1225)

Mr. Blake Richards: Thank you.

Mr. Read, did you want to answer as well?

Mr. Brian Read: Yes, just to follow up.

Profitability is a big concern. That has to be high-profile, as does this global economic crunch. What's it going to do to the demand for us in the future? We have to get economists with some history behind us. I think we have a meeting coming up here in May where we can get a lay of the world in order to see where this thing's going to crash out. Where does meat really stack up for tomorrow?

Profitability is a major concern. In terms of setting regulations or rules that disadvantage the meat industry in Canada, you will that

find the meat processors in this country might not be quite so cooperative in the future because of that.

Mr. Blake Richards: Okay.

Do I still have some time?

The Chair: You have 45 seconds.

Mr. Blake Richards: I don't know how we can address this one in 45 seconds, but let's try.

I've asked this same question of several of the witnesses we've had appear on this issue at the committee. It's out of my concern for young farmers and for the future of the farm, particularly the family farm. Just very briefly from all three, do you see a future for the industry, for young farmers, and how so?

The Chair: You will have to keep that answer fairly brief, if you can, gentlemen.

Mr. Blake Richards: I know that's very difficult, but unfortunately we're bound by time.

Mr. John Gillespie: Let me address that.

There has to be a personal element of optimism within any young individual to go into farming. It's all about having hope and trying. There's always a future. There's always hope. The young individual who gets into farming has to have that spirit if they're going to survive.

A voice: And a strong stomach.

The Chair: Somebody else could follow up on that in the next question.

We move to Mr. Easter for five minutes.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair, and thank you, gentlemen.

I think under Mr. Richards' question, you were starting to get to it. My question really was.... You know, you folks come in here...and you must be talking to different people than I'm talking to. You just must be. Because to listen to the presentations, I would ask where could I buy a beef farm, because, man, am I going to make money.

Mr. Gillespie answered to Mr. Richards that the profitability is certainly not there. My question really was going to be this: who's going to compete in this industry after all the producers are gone? Because that's where we're headed, fellows. Look, the beef herd in Saskatchewan is shrinking dramatically—sales up, about four times, of good bred cows going to the slaughter industry.

I sat on a plane coming here on Sunday with one of the bigger producers in P.E.I. He just sold off 250 cows. He's out of the business. And we're seeing it happen every day. The question is not about opening up markets right now but what are we going to do to keep these producers in this industry right now?

That's the question this committee has to answer, fellas. That's the question we have to deal with here. And I'm not hearing anything coming forward from you guys. Whether you don't want to challenge the government or whatnot, I don't know, but I'm not hearing anything put on the table from you folks that will deal with this immediate problem to keep producers in this industry so that we have a beef cow herd that could produce down the road. I just lay that out directly to you.

The COOL situation is a huge problem, and I recognize it. But are we going to sit back and let our producers go broke while we argue about this at the WTO for three or five years? Mr. Laws mentioned the \$21 million in inspection fees. Should the government be coming in and putting us on an inspection-fee level playing field with the United States? Would somebody recommend *that*?

Mr. Gillespie mentioned earlier some points on CAIS. I thought CAIS was gone; that's what we're told. But would these be the proposals you're talking about? Should the government be eliminating the viability test for beef and hogs? Should the producers be allowed to use the better of the Olympic or previous three-year average for reference margins calculations? Should they be able to do that? I haven't heard it from you.

Third, should they be given the choice, the better AgriStability, tier 1, or AgriInvest? Should those be what the government is doing?

Folks, we need some proposals from you, even if the minister doesn't like it. What can the government do now—today—to keep producers in business? That's my question to you.

•(1230)

Mr. John Gillespie: I agree with you. On those points that you mentioned there, that is the Canadian Cattlemen's Association policy on AgriStability.

And I do apologize; "CAIS" is old-school, "AgriStability" is the new word.

Hon. Wayne Easter: It's the same program, just a different name.

Mr. John Gillespie: Yes.

There are some changes to the CAIS program in AgriStability, but we definitely believe, and it is the policy of the Canadian Cattlemen's Association, that those points you made on reference margins and viability tests are our policy. We definitely want to see something addressed on this issue. Producers are throwing in the towel across Canada, and there is liquidation going on. It is common to all provinces in Canada.

Hon. Wayne Easter: What about at the plant level, Brian? Someone said earlier that the plant in Ontario, Gencor, went under really because of specified risk materials and the different cost structure in Canada. Well, you didn't say that much, but that certainly is my view.

Should the government be putting us on a level playing field at that level? We're at a huge disadvantage per cow. Only one person pays for this. You may take a little out of plant margins, which are pretty tight—I know that—but it gets back down to the primary producer.

What is the discrepancy here?

Mr. Brian Read: If you wanted something that was really disappointing when it came into the SRM file.... I was a supporter of the full animal feed list to protect the herd for tomorrow, as well as our country. I think it was the right thing to do. We assumed that there would be value in that process. Of course, there hasn't been; it has been a direct cost. We are paying for tipping fees.

We have appealed to the government to find use for this specified risk material—e.g., on the field for fertilizer, or we get these dreams that we can use it for energy, or that we can use it in cement. If it were economically viable, believe me, it would have been done.

We are finding no out for it, so every morning we wake up to that regulation. Across the country, we've done a major study—Jimmy can allude to the numbers. Depending on the region you're in, tipping fees and environmental costs are anywhere from \$15 to \$20 a head on OTM product, on a daily basis. That is a major disadvantage.

I believe...and now I am producer-owned, I think there's value in that, if we address that issue. If there was a disappointment through the whole process, it was the blatant difference in regulation between the two countries, ours and that of our major trading customer in the United States—somebody we have to compete against. I hope there's a willingness to revisit that, because it's critical, I agree with you.

The Chair: Thank you, Mr. Read.

We'll go to Mr. Shipley for five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thanks for coming out.

I listened to Mr. Easter's question. I find it interesting, as you go back to 2003 and some of the crises that developed with the BSE, that when they had the opportunity to do some things, they didn't. And now it's our fault, I guess.

I want to follow up with Mr. Gillespie. You're talking about 6 million cows, almost. Domestically, we have the use of 3 million. If we increased the consumption in Canada, we would have 3.6 million.

How many cows can we sustain and keep the beef industry sustainable?

Mr. John Gillespie: We can make the industry sustainable, even if it is export-oriented. We wouldn't want to liquidate to the 3.6 million that we could handle domestically. That would mean a lot of producers would have to go out of business.

Mr. Bev Shipley: I have a producer who was going to go out of business and is now looking at some of the things that have been happening and has changed his mind about selling out. I think that's always a good thing; some things are happening.

This will take me to my next question. Markets were brought up. The majority of witnesses we've had in front of us over the last while have been talking about the significance of being open to markets. One thing that was brought up earlier was about selling the whole animal. I always talk about marketing the whole animal. Of course, our domestic market doesn't deal with that, or can't deal with it, because of our society and what we'll eat and won't eat. I think the comment was that we have a long way to go.

Concerning bringing in the secretariat, do you agree that we're on the right step forward? With the markets opening, have we started going down the right trail?

• (1235)

Mr. Ted Haney: Particularly the decision to work with Hong Kong on this relatively complex incremental access was a sign of great hope for our industry, because we showed our cooperative face to increase access step by step, in a way that at each step provided additional economic returns to our industry.

Yes, it is a big challenge, but re-establishing trade with South Korea and mainland China; moving Japan up from under-21-month beef to under-30-month beef; adding bone-in to Russia, Taiwan, and Saudi Arabia; and allowing Mexico to move up to over-30-month beef is the trade fix. It's not impossible, but it takes a strategic and new approach, with focused resources and a trade-first strategy, with an economic philosophy and focus, rather than continuing to treat it as a long-term tactical, technical challenge. Bring our best negotiators to the table and create a negotiation strategy that reflects the vitality of the benefit, should we come over the top on these relatively few markets.

These markets have the ability to move us back from creeping pessimism to creeping optimism. The shedding of cows stops when optimism enters our industry, and regrowth begins when we begin to trade broadly. Our industry can support a six-million-head cow herd on the basis of our strong domestic trade, great work in the U.S., and worldwide profitable trade.

Mr. Bev Shipley: You've hit a point. I think the minister has actually been the pillar of this marketing with his belief in opening these markets.

I want to go back to Mr. Read, on the \$50 million for the improvements of inefficiencies. I think all of us understand dollars gained in efficiencies. That is \$50 million, and you've talked about it. But you have to understand that it's in the budget, and until the budget gets passed, it won't flow.

Certainly, it is our intent. We brought the budget forward on January 27. This is March 10, and it is still not passed. So I think it's important that we understand that.

An hon. member: [*Inaudible—Editor*]

Mr. Bev Shipley: If they want the money, you have to pass the budget.

The Chair: Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair. I appreciate the chance to talk to these fine gentlemen.

Gentlemen, I appreciate that you took time out of your busy schedules to come back to Ottawa here and help us look at this topic. It is a serious topic in my riding and in my province.

I have a few questions that keep coming up when I talk to farmers back in my riding, and one of them is on concentration of ownership in Canada. Can you explain to me why we should or shouldn't be concerned about that?

I'll open that up to any one of you.

Mr. James Laws: The reason you should not be overly concerned about it is that right now the border with the United States is open. Effectively, we do operate in a North American market, and that provides plenty of bidding opportunities, for all Canadian farmers as well as for packers, to sell their products to the United States.

We certainly agree that when BSE hit and the borders closed, it was not a functional market; that was very evident. It provided all kinds of evidence that it doesn't work this way. We have to have the border open for live cattle to provide the entire North American market.

I look, certainly, to Europe. I hope that someday Canada and the United States and Mexico have a free trade agreement, as Europe has. You can move products freely between all those countries. If Canada wants to talk about being competitive and forward-looking, we need someday to get to having a complete North American market for products, and that certainly includes this.

In terms of ownership of cattle, I look at the one particular facility down in Brooks that now, as you all know, has been purchased by Excel Fresh Meats, a Canadian owner. It's my understanding that this particular facility was first a feedlot owned by a very successful farmer who then, with his partner, built a slaughter facility. It was a farmer who got very successful; that's why that 70,000-capacity feedlot is down there.

Just doing a quick calculation for that particular facility, if they process a million animals per year, with two turnovers, that's 140,000 animals, or 14% of the total kill. Is that too much? I don't think so. And this is the largest ownership, I understand, of cattle by any of the processors in Canada.

However, if you look at the situation that Mr. Read refers to, that processing facility is totally owned by farmers, who own all the cattle and who own the processing facility. Is that a captive market? I suppose in a way it is, but it's certainly owned by a group of farmers, and they've shown they can do this.

There are other examples. There's Conestoga Meat Packers. They own a pork processing facility. They try to get all their animals through there as well.

So there are different models. If you look at a company such as Maple Leaf Foods, it's publicly traded; anybody can own a portion of Maple Leaf Foods, if they want to. Tyson, now of course sold to Excel, was publicly traded as well. Anybody could purchase part of that company, but now they're moving out.

There are different business models across the country. Our opinion is that there are opportunities: anybody in Canada who wants to start a processing facility can do so. There aren't any barriers to entry that are worse than any others. Anybody can purchase one and set one up, if they want to. Farmers can start their own cooperative meat-processing facility if they so choose, etc.

• (1240)

Mr. Randy Hoback: Thank you, James. I appreciate the answer.

When you look at it and first see the number 80%, you say, "Whoa; we should be careful here", but I think we're being misled by some people saying it's the real number. It's not the real number. You're saying it's the international and the North American market and that the ability to access all the packing plants in the States creates a different scenario.

It shows you how important trade is, obviously, and that's a recurring theme, it seems, as you come forward. As we look at trade and see these new markets open up, there's a concern on the cull calf side that they're not making enough money. We have to figure out a way to get a return back to cull calf guys.

I appreciate some of your suggestions on the AgriStability side. I know that the Saskatchewan agriculture minister brought it up at federal-provincial meetings a little while back. I understand it didn't get a lot of traction, but maybe it will be brought up somewhere down the road. Again, it is a joint responsibility of both the federal and provincial governments.

One other thing I'd like to ask of you guys is what regulations and other things were put in place with BSE, for example, that are now in place and about which, after five or six years, we can say this no longer makes sense, or this makes sense? Perhaps they're barriers now, or adding costs to the industry that farmers aren't getting.

Mr. Brian Read: I can start.

We have a couple that we're working on with CFIA. One is plant segregation, to make these plants more efficient, so that we don't have to identify.... We can allot OTM and UTM in the same building, not use a "first, last" type of thing. We are burdened with the SRM regulation that differs from that of our major trading partner.

The other thing I don't think we can lose sight of is that we have to remember...and I want John to address this as well. Perhaps we can give him a bit of time to do so.

We appreciate all the work the minister is doing. Believe me, it's much appreciated. We understand that the budget will pass—hopefully the people on the other side are nodding their heads yes. No, no, they're not....

But more important, we look at that U.S. market and become complacent and look at it as part of our domestic trade. I think it's critical that this relationship stay very strong and very transparent. In our company, we think globally and sell domestically. When we talk about "domestic", we're including the United States as part of our conversation. I have to make that point.

Mr. John Gillespie: I would reinforce that. We've talked about international markets, and we agree that international markets are great, but the United States is still the key. The world market is in the United States. That is where the world price of beef is set. As goes the United States, so goes the rest of the world.

That's why I'm making reference to COOL here, to emphasize that the United States is by far the key to the profitability of the industry. That is where the price of meat is set, and we have to have full access to that market. If COOL is a non-tariff barrier, it is costing producers in Canada cash.

• (1245)

Mr. Randy Hoback: Mr. Chair, maybe—

The Chair: Your time is up.

Mr. Randy Hoback: —I'll just ask him to table suggestions to the committee.

The Chair: The time is well over.

Mr. Randy Hoback: But in light of the time, could he table suggestions to the committee?

The Chair: Okay. Certainly, I think that's fair.

Did you hear that, Mr. Gillespie?

Mr. John Gillespie: Pardon me?

Mr. Randy Hoback: If you have any suggestions, could you table them with us, please.

The Chair: That would go to the clerk.

Gentlemen, we're out of time. I want to thank you very much for coming. But before you go, I have, as the chair, a couple of follow-up questions.

A number of you talked about profitability. Mr. Read talked about profitability in his plan. That has to carry down to the industry. Mr. Gillespie said that profitability was a big issue. That seems to be a recurring theme when I talk to farmers.

I have one specific question for Brian. As a producer, I've shipped cows to your plant. When you talk \$15 to \$20, when you put that over a whole animal, it's peanuts. Do you not think there is a responsibility by the packers, an onus on them, to make sure that the grassroots producer—not the packing facility that owns a bunch of cattle or whatever, but the grassroots producer—is profitable? The other question is why you don't pass this \$15 or \$20 on to the consumer?

I know the easy answer, that you have to stay competitive. But I heard from the packing industry and producers and consumers, when we went after the “product of Canada”, that this would allow Canadians.... I make a point to buy Canadian. My wife buys Canadian. Some people can afford to do it and want to do it. Some don't care to do it whether they have the money or not. Then there are others out there who plain don't have the ability. But it's my belief that if you make it so the Canadian consumer has the choice, the ones who can, or most of them, will buy Canadian. So I think it takes away that argument.

I'd like you to touch on that as briefly as you can.

Also, this is a yes-or-no answer that any or all of you could answer. Do you think that packers who own cattle should be allowed to access government programs?

Mr. Read, do you want to start?

Mr. Brian Read: I think you gave me three questions.

The Chair: I probably did, Brian.

Mr. Brian Read: If I miss one, please help me out.

On the first one, you have to understand that at the onset of BSE there was a lot of emotion out there. But I, along with CCA, CBEF, and I think BIC was involved....

I remember, with the Honourable Mr. Easter and some of you in this room—we talked earlier—we wore out many a shoe to try to get that U.S. border opened to livestock. We've seen how important our supply is. There were profits made through the crisis, but that was one of the issues that became really emotional.

We also reinvested in these plants, to make sure they were efficient and they could handle the capacity in this country. As a Canadian, not a meathead, I think we did the right thing.

I believe those dollars have been turned back, Mr. Chair, because of all those efforts in 2003 and 2004, when the border was announced to open again. Now you have the U.S. equivalent for your livestock, whether it's the cull cow, the calf, or the finished steer. John can correct me if I'm wrong on that; there are producers in this room.

So I think you're there. And I think we should compliment each other on how we got there and how quickly we got there.

The Chair: Okay. The feeling out in the farming—

Mr. John Gillespie: I understand that, but I think that's an old story—and some of the old is still current. I apologize, but I think that's miscommunication from this room of what's really happened. Maybe we have to work together on communication; I think we lack that, too.

There was an inner circle who was well communicated with, but there was an outer circle who wasn't. I'll take some of that responsibility.

The Chair: I have just one last comment on that. It always seems to be that when there's a hit, it always happens at the farm gate. Whether that's all truth or perception...but a lot of it's the truth.

Just on the other question, does anybody want to answer that with a yes or no?

• (1250)

Mr. Gib Drury: As a producer, I'm going to go against my fellow producers and say, yes, packers should own cattle. They definitely own cattle as soon as they come into the plant. Should they own them one week out, two weeks out, or six months out when they go into a feedlot? Many feedlotters in the province of Quebec contract their cattle when they buy them so that they know what their sale price is going to be.

I see nothing wrong with that system.

The Chair: Should they be able to access government programs?

Mr. Gib Drury: Yes. Why not?

Mr. John Gillespie: My answer is yes on that. We have bona fide producers who are much larger than the meat packers when it comes to owning cattle. So it is the Canadian Cattlemen's policy that whether you're big or small, you can access the program.

The Chair: The reason I ask the question is this. To me, government programs are out there to help the farmer, the grassroots producer. It is just a question I have heard a lot of comments on already and I wanted to ask here.

So I won't take up any more time. I wanted to get those couple in there.

Again, gentlemen, thank you very much for coming. We have some committee business that we have to tend to with the little time we have left. So thanks again, we appreciate it.

We had on the floor at our last meeting a motion by Mr. Easter. I don't believe it needs to be read in again.

Hon. Wayne Easter: There is a slight change to that motion, Mr. Chair.

Before we get to that, Mr. Chair, some time ago the committee agreed to a subcommittee to look at food safety. Can you give us an update? We are getting lots of calls wondering where that's at. Is that committee ever going to get started? Is there a slowdown on the part of the government, or whatever, not to have it operate? Could you give us an update on where that's at?

The Chair: Yes, I can, Mr. Easter.

I just this morning received the name of the new clerk designated. I was just under the assumption that it would be clerks that we have at committee. That's not the case. So I just got that this morning. And I'm sorry, I don't even have the name. Duncan may have it.

Anyway, I was going to do this after your motion but I'll do it now. Everybody get their suggestions for witnesses in this week. We are looking to get a meeting time—it's tentative—and I believe it will be the Wednesday evening on the week that we come back after the break. That's the plan at this point.

Does that answer your question?

Hon. Wayne Easter: Yes. I think it should have been meeting this week prior to the break, but in any event, if that's where things are at, then at least eventually it's will get moving.

The Chair: The whips just basically got together as well, Mr. Easter, as you probably know, and they have set out the names of who's on the subcommittee. I don't even know all the names yet. I know the members from our side, that's all.

On the motion, Mr. Easter, go ahead.

Hon. Wayne Easter: There was one further question added to that motion, and the date was changed. I believe the original motion said we expected an answer from the minister by March 9. This motion gives him until March 23 to answer.

The Chair: That's an amendment. Would that be accepted as a friendly amendment, or what's...?

Hon. Wayne Easter: Mr. Chair, there's no way he can answer by March 9.

The Chair: No, no, I'm not arguing with it, Mr. Easter. It's just a difference in the motion.

Hon. Wayne Easter: I so move.

The Chair: Okay.

So that amendment is moved. Discussion?

Mr. Blake Richards: Have you got a reading of the amendment?

The Chair: It's just basically a change of the date from March 9 to March 23. It's number 6, right on the bottom....

Mr. Pierre Lemieux: There are two amendments.

What are you doing there, Wayne? Are you slipping one in? There are two amendments, right?

Hon. Wayne Easter: No, I'm not slipping one in. I don't do that.

Some hon. members: Oh, oh!

Hon. Wayne Easter: The fact of the matter is we get a lot of dragging of their feet on the other side, but there seems to be another question that we need answered from the minister. When did the Minister of Agriculture and Agri-Food meet in person with the full board of directors of the Canadian Wheat Board, and if he has not, why not?

Clearly the minister spends a lot of time attacking the Canadian Wheat Board, and he is responsible for the Canadian Wheat Board under legislation, as is his parliamentary secretary. I would expect he would sit down with that full board in person and meet with them.

So has he or hasn't he?

•(1255)

The Chair: I guess just for clarification and for procedure, there is a change in motion. There was proper notice of motion given here, so we can deal with it one of two ways. We can either just accept

those as amendments or basically table or get rid of the previous motion that Mr. Easter had and just accept this one.

It's whatever you want to do.

Mr. Randy Hoback: Did he give proper notice with the changes?

The Chair: Yes.

Mr. Storseth.

Mr. Brian Storseth: I don't want to be technical here, but it's not Mr. Easter's motion to table. It's the committee's. It's in committee discussion—

The Chair: Exactly. I'm just asking....

We either have to stay with the motion we're on, and, if Mr. Easter wants to add these, treat them as amendments, or we just basically, with his permission...for him to withdraw the bill and we move on to this one. Tell me what you want to do.

Mr. Brian Storseth: I don't want to get technical. You do whatever you want here. I just want to ask Mr. Easter one question.

Has he submitted a letter, as such, to the minister that he hasn't got a response to? Is that why he's moving it through committee?

I mean, it is a member of Parliament's privilege to write a letter and ask. So this is a simple question.

Hon. Wayne Easter: We have submitted a number of things via letter to the minister. Some of these—not all—would be in those letters. As well, I believe we still have questions on the order paper in these matters. And we raised some questions with the minister when he was here.

Mr. Brian Storseth: But you haven't—

Hon. Wayne Easter: This is related to some of the minister's comments on the contingency fund. We do have a right to put it as a motion here, and we did.

Mr. Brian Storseth: Absolutely, Mr. Chair. I just wanted to clarify whether or not Mr. Easter had made a motion as such. He says he hasn't. It's clear that this is political, but at the end of the day, it's his right to bring it forward.

The Chair: Okay, I'm going to assume, because there's no other direction, that we're dealing with the motion that we were discussing at the end of last meeting and we still are.

Mr. Lemieux, you're up next.

Mr. Pierre Lemieux: Thanks, Chair.

I think we're all concerned about the Wheat Board, maybe from different perspectives.

We, on this side, are very concerned about the significant losses that the Wheat Board incurred. Mr. Easter is just worried about questioning the minister about why the minister is concerned about the significant losses that the Wheat Board incurred.

I think Mr. Storseth's question is a valid one. Has Wayne Easter contacted the minister?

We are talking about tying up committee here on a motion, tying up the clerks, tying up committee. We're debating it. We all have access to the minister. We can all write a letter to the minister.

If Mr. Easter felt he had written this exact letter with these exact questions to the minister and had been stonewalled, hadn't received a reply, sure, we can table it at committee. Personally, I find it a little heavy-handed if he has not actually put these questions in writing and offered to the minister the opportunity to reply to him. We all have access to that mechanism.

As I say, we're tying up committee time here, committee business. We're working, we're studying other matters right now. We're cutting our witnesses short to discuss this. We're adding an extra paragraph because he had yet another question to ask the minister. So I'm coming from that angle, Chair.

It's a motion. We have to deal with it. I do want to raise the concern that he's implicating the whole committee in actually what are questions that he would like to ask the minister, and we just don't act that way.

The Chair: Mr. Hoback.

Mr. Randy Hoback: Just to build on that, Mr. Easter, you did have the opportunity a couple of weeks ago to ask the minister about this when he was here. I didn't see that come forward. You do have the opportunity in the House during question period to bring these questions forward. I have never seen a CWB question come forward from you in the House.

Mr. Pierre Lemieux: It's true.

Mr. Randy Hoback: This is a big issue, and it's a very important issue. I don't think farmers want to see politics played with it, Mr. Easter.

So is this the right way to handle it? That would be my question.

An hon. member: It's a valid question.

The Chair: If there's no further debate, I'll—

Sorry, Mr. Easter.

Hon. Wayne Easter: I should be on your list.

The Chair: Okay.

Hon. Wayne Easter: This is not playing politics, folks. This is, in fact, trying to get to the bottom of the issue. I do want to comment on Pierre's point, the parliamentary secretary's point.

This is a crucial question with the new government, Mr. Chair. This is not the way previous governments operated.

This never happened previously, guys. If I call over to the department to ask for information from a bureaucrat from Agriculture Canada, where a lot of this stuff can be settled out, I get transferred to the minister's office. As an MP, I now am denied access to the Department of Agriculture and Agri-Food. Some of these folks that were before this committee as farm leaders are not denied that access. That's one of the new developments with this minister and this government. That's why this question has to be put here.

This question has to be put here because I cannot have the normal dialogue with a department that I as an MP should be able to have. As a farm leader, you would have more access. We're not offered any other alternatives. The fact of the matter is that on the questions to the minister when he was before committee, he came here and he

gave us an hour. An hour is not enough. It should have been two hours. You couldn't raise the serious questions with him.

Mr. Chair, I call the question on this. We have no other way to go. I call the question.

● (1300)

Mr. Pierre Lemieux: I have more to add. You can't call the question, period, if there's more debate.

The Chair: Mr. Lemieux, and then Mr. Storseth.

Mr. Pierre Lemieux: Thanks, Mr. Chair.

Just to respond to that, what I said was that Mr. Easter can contact the minister about his questions directed towards the minister. Question two: when did the minister first contact the CWB? That's a question for the minister to answer. Also, did the minister call upon the Auditor General? That's a question for the minister.

Mr. Easter is ingenuously mixing two issues: access to the department and access to the minister. His questions are aimed at the minister. It's appropriate that he would write a letter to the minister asking the minister to reply to questions directed towards the minister. I don't know where the department comes into this at all.

I go back to my original concern. If we all had questions we wanted to ask the minister and we tabled them here as motions, we'd never move on with important committee business like we're doing right now. I feel that we're wasting the committee's time, Chair.

The Chair: Okay. I'm asking Mr. Eyking to take the chair. I have to go.

An hon. member: Is this going to be brought to a vote?

The Chair: It's one o'clock, Mr. Easter, and I have to go.

Hon. Wayne Easter: Mr. Chair?

The Chair: Yes.

Hon. Wayne Easter: On a point of order, when we came in here today, we had witnesses. The parliamentary secretary came to me and said my motion would be dealt with.

An hon. member: It will be.

The Chair: It looks like it's going to be.

Hon. Wayne Easter: That's assumes you're in the chair.

You're in the chair. I'll tell you this: if the parliamentary secretary's word that he gave to me at the beginning of this meeting doesn't hold up, you're going to have trouble. I'm telling you that right now.

The Chair: I don't know what you two talked about beforehand, Mr. Easter.

Hon. Wayne Easter: The agreement was, Mr. Chair, at the last meeting, when the meeting closed, that you said this motion would be dealt with at the first of this meeting. I never challenged you on that because I did not want to take the committee's time while witnesses were here, based on the discussions I had with the parliamentary secretary.

Mr. Pierre Lemieux: Mr. Chair, he's questioning my integrity and I'd like to answer. Talk about flying off the handle. I told him that we would vote in support of his motion. We will vote in support of his motion. We haven't even arrived at the vote yet and we get a diatribe like that. We are wasting the committee's time. We're allowed to debate the motion. That's why we have MPs around the table, Mr. Easter, to debate motions. You can't just ram it through.

Hon. Mark Eyking: You're filibustering.

Mr. Pierre Lemieux: No, we're not filibustering.

Hon. Mark Eyking: You are.

Mr. Pierre Lemieux: Absolutely not. What I'm saying, Chair, is that we're going to vote in favour of it, but we don't need a big diatribe like that before the vote's even called, before the vote's even asked for.

Mr. Easter, relax. You'll see what happens when the vote is actually cast.

The Chair: You've got your message there. I have to go at one o'clock. I have a commitment and I'm already going to be late for it. Now, if there's no more discussion, I'll call the vote.

Mr. Pierre Lemieux: It's not a problem.

The Chair: Mr. Storseth.

Mr. Brian Storseth: Thank you very much, Mr. Chair.

I just want to make the point that Mr. Easter is the only one at this committee who hasn't kept his word in backroom agreements to this point in time.

The second point is that it is a little disingenuous because we have had the supplementary estimates (C). You could have called the minister forward to ask him these questions yourself.

Thirdly, I would move that we call the vote on the motion, please.

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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