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# Standing Committee on Agriculture and Agri- Food

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**Thursday, April 2, 2009**

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**Chair**

**Mr. Larry Miller**

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## Standing Committee on Agriculture and Agri-Food

Thursday, April 2, 2009

•(1105)

[English]

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

As you know from your agenda, the meeting today is set up in two parts. First, we have our witnesses here from the federation of potato producers of Quebec. If you could keep your opening remarks to 10 minutes or less, we'll get into questioning right after that.

Welcome to both of you. Thank you very much for coming here.

Mr. Van Boom, go ahead.

**Mr. Ernie Van Boom (Owner, Northbank Potato Farms Ltd.):** Good morning, everybody.

First of all, I'd like to thank you all for allowing us to come here to speak and share our situation and our story. I would especially like to give thanks to honourable member Brian Storseth for making this possible for us.

Dear committee members, it's been almost a year and a half since a single deteriorated PCN egg sac was discovered allegedly in one of our fields by the CFIA. In the wake of that event, we can assure you that not one day has gone by without a PCN-CFIA discussion with either family, friends, or business associates.

Our farm has been located where it is and owned by this family for almost 50 years. For nearly 30 of those years, Cecil Goutbeck, I myself, and our families have laboured to make our farm what it is. It is more than 2,000 acres of unique, excellent soil for potatoes. It has numerous irrigation pivots, miles of underground water piping, and several fixed electrical pumping installations. Only recently, in the summer and fall of 2007, hundreds of thousands of our dollars were spent on new irrigation and infrastructure and a large addition to our potato loading area. We had a prosperous seed potato business, along with a successful grain and oilseed operation.

Our farm was a source of pride and a labour of love. In these years much time and energy was also invested in forging good working relationships with our neighbours with regards to renting and swapping lands in order to maintain a healthy potato rotation.

To put it simply, the events triggered by the activities of the CFIA in the fall of 2007 have all but destroyed the viability of our once wonderful farm. The fallout from CFIA's decisions has been immense and painful for us and our neighbours. Property value for our neighbours and us, whose lands are regulated, is virtually worthless given the conditions pertaining to the movement of vehicles and equipment in attempting to exit one's own property. As

a result, our reputation and our credibility with respect to renting any more land have been absolutely ruined. Who would dare rent land to any potato farmer, especially Northbank Potato Farms?

Without going into detail, it can be stated that alternative solutions suggested by the CFIA and other government agencies illustrated their lack of understanding and insight regarding the operations of a seed potato, grain, and oilseed farm in central Alberta.

In an effort to provide you with a view into our situation, we would like to highlight some of the activities and occurrences that have transpired since the supposed positive find on our farm in the fall of 2007. We will present these to you in point form as follows:

- the dumping of almost 8,000 tonnes of the beautiful 2007 crop into the snow;

- spending countless hours washing machinery and facilities to the extent that we were unable to farm a significant amount of our 2008 grain acres due to onerous CFIA land exiting requirements; also, subsequently spraying hundreds of these aforementioned unfarmed acres for weed control;

- farming a fraction of our historical potato acreage in 2008 on far distant, unirrigated, lower-quality lands, all the while hoping our new landlords had heard nothing of potato growers and nematodes;

- warning the CFIA this past summer on more than one occasion that the soil testing was being done too slowly to have it completed in time for the 2008-09 marketing season;

- disappointing our very loyal and valued customers in Florida and California again this past fall due to a closed border as a result of the aforementioned uncompleted soil testing. Almost 1,000 tonnes of potato sales were lost on our farm alone.

•(1110)

- receiving Dear John letters from unhappy landowners.

Maybe some of you wonder what a Dear John letter is. I'm going to read one for you right now:

Dear Mr. Van Boom

As you are aware, Fort Hills Energy...currently holds a land base of 6,000 acres within the Municipality of Sturgeon County. Over the past two years, FHEC has rented available...land to individuals within the community for agricultural purposes. In September 2007, the Canadian Food Inspection Agency...discovered a Potato Cyst Nematode...on a portion of the lands owned by FHEC, which resulted in 320 acres being placed under a "Notice of Prohibition or Restriction of An Activity". As a result of the PCN discovery, FHEC determined that it was in the best interest of the proposed Sturgeon Upgrader and the local area to review the current procedures and practices regarding the farming of FHEC owned lands.

After reviewing the current procedures and practices, FHEC would like to take this opportunity to advise that the production of Seed Potatoes will no longer be permitted on FHEC owned lands.

That's what a Dear John letter sounds like. Those are the people we rent land from.

I'll continue with some more points:

- finding out after the completion of intensive soil testing, involving thousands upon thousands of samples, that CFIA was unable to replicate a positive reading, thereby creating a mountain of scientific evidence calling into question the validity of the original find; CFIA stood alone in its dismissive stance with respect to the possibility of human error;

- being stonewalled by CFIA via the Access to Information Act regarding our questions about testing and protocol;

- finding out that, using the criteria required by our trading partner, APHIS, our farm is not positive for PCN;

- feeling the frustration of constantly being lumped together with the situation in Quebec, when speaking to the disaster assessment people;

- and finally, wondering what the future holds for us and our young sons, who had planned to carry on in the family business.

Even to this day, we have many more questions than answers: How could test results be interpreted as conclusively positive based on such flimsy evidence? Why would they negotiate a trade agreement that permits the destruction of businesses and the disrepute of an entire export group based on a single, unreplicated lab test? Why was seed allowed to be shipped before testing was completed, resulting in the border closure? Did CFIA have a clear understanding of the ramifications of its own guideline agreement with APHIS?

It's possible we may never receive the answers to all these questions. Meanwhile, we wait to be released from this trap and to be given back our farm and our livelihood.

Along with the huge financial blow, there has been a human cost: a feeling of purposelessness and dullness that results from being in a fog of uncertainty, combined with a loss of hope. We are not the kind of people who aspire to become wards of the state. But that is what this is making us.

Last fall, the CFIA admitted to having had us and our neighbours under surveillance—an act that, in our eyes, seems to rob us of our last bit of dignity and respect.

Nevertheless, despite our situation, we try to remain hopeful and realize that we have many blessings we can count. Numbered among our hopes is a new agreement between CFIA and APHIS that would

lift existing restrictions on our land, along with the additional hope of fair and just treatment with respect to our financial losses.

In conclusion, our ultimate hope in this situation is to resume our role as good corporate citizens, growing and exporting seed potatoes, contributing to the needs of society around us, and finding fulfillment in that.

Thank you very much.

• (1115)

**The Chair:** Thank you very much, Mr. Van Boom.

And now we'll hear from Mr. Adrien Gemme and Mr. Bernard Belzile, from the federation of potato producers of Quebec.

Thank you, gentlemen, for coming. Please take ten minutes or less.

[*Translation*]

**Mr. Adrien Gemme (Administrator, Board of Director, Fédération des producteurs de pommes de terre du Québec):** Good morning, gentlemen. My name is Adrien Gemme. With me today are Bernard Belzile, Denis Bilodeau of the UPA, and Philippe Gemme of AMA-Terre.

I will read two paragraphs and then turn things over to Mr. Belzile.

Our president could not be here today because of the annual general meetings of both the Fédération and the Plan conjoint des producteurs de pommes de terre du Québec. Given the nature of the ongoing potato cyst crisis, we could not ask that this meeting be rescheduled.

The Fédération des producteurs de pommes de terre du Québec would like to thank the Standing Committee on Agriculture and Agri-Food for having agreed to listen to a message from our president, which will be delivered by Mr. Belzile.

**Mr. Bernard Belzile (Consultant, Fédération des producteurs de pommes de terre du Québec):** Good morning.

The Fédération des producteurs de pommes de terre is affiliated with the Union des producteurs agricoles, which represents 351 potato producers in Quebec. It administers the Plan conjoint des producteurs de pommes de terre.

On October 24, 2006, the federation came here to meet with the committee. That meeting was fruitful, producing tangible results with respect to compensation for short-term losses related to the destruction of the 2006 harvest inventory.

Two and a half years later, we have good reason to believe that your recommendations will result in compensation that will help affected businesses recover, compensation that goes beyond the government's February 5 offer of a three-year recovery plan that leaves out certain elements that we consider essential. Philippe Gemme's presentation later on will touch on that.

The golden nematode is a regulated pest subject to quarantine. In 2006, the Canadian Food Inspection Agency established a regulated area to reopen borders to international trade. That action limited losses to producers and exporters located outside of the regulated area.

However, in Saint-Amable and on a farm located in Montérégie, producers worked and cooperated to make the CFIA's job easier. In all, 21 farms were affected by the restrictions. Unfortunately, these businesses, which specialized in potato production, lost buyers they had spent years securing. Potato production in that area will resume only gradually, and on limited acreage, with new golden nematode-resistant varieties and under close CFIA supervision because the area has been there for decades.

We are therefore in urgent need of a modified recovery plan. The federation fully supports the producers involved, most of whom are represented by AMA-Terre. In 2003, the Government of Canada implemented an agricultural business risk management policy for Canadian producers with its AgriInvest, AgriStability, AgriInsurance and AgriRecovery programs.

The federation believes that producers' losses should not have to fit into the kind of framework set up by a program like AgriRecovery. Rather, the program should meet the needs of producers.

With respect to recovery, we do not believe that a three-year program as set out in AgriRecovery will save businesses in regions affected by the golden nematode. In 2008, an independent consulting firm, ÉcoRessources, submitted a fact-finding report financed by the Conseil pour le développement de l'agriculture du Québec. The report distinguished between crises with short-term impacts and those with long-term impacts, such as the golden nematode crisis.

The report recommended using the partial budget method to establish the net costs of transitioning into a new agricultural activity and took into account different types of losses resulting from a crisis. The main advantage of this method is that it isolates revenue losses due to the crisis even if the agricultural business is mixed, that is, if it produces things not affected by the crisis. This method makes it easier to evaluate revenue losses and the costs involved in various recovery strategies. The ÉcoRessources report also mentioned another important thing. It concluded that 10 years was a more realistic timeline for business recovery.

In 2006, the hon. Chuck Strahl, then minister of Agriculture and Agri-food, issued a ministerial order under the Plant Protection Act. The order established a regulated zone of about 4,500 hectares, 1,300 of which were in potatoes, along with restrictions and prohibitions on the movement of certain items, in order to fight the golden nematode infestation in Quebec.

In 2008, the ÉcoRessources report recommended strategies to enable businesses to emerge from the crisis and recover with the help of governments. Rather than forget about this report, we believe that governments should consider it a valuable reference.

In 2009—this is the most important part—the current minister must be persuaded not to forget about producers affected by the golden nematode. Instead, the minister should offer the kind of help that will put an end to this crisis, which has been going on for over 30 months.

I rushed my presentation a little to give Mr. Bilodeau a chance to relay the UPA's message.

• (1120)

**Mr. Denis Bilodeau (Vice-President, Union des producteurs agricoles):** Good morning, Mr. Chair.

Thank you for inviting us to speak this morning.

This is a really important step for us. We came here in 2006 for the same reasons. That was when the crisis began. Now it is 2009, and we are back with the same problem. We have not yet found a solution that would enable these producers to start their businesses up again and make them viable.

To date, the proposals in the AgriRecovery program, including compensation over three years, do not really meet the needs or take into account the specifics of the catastrophe we are discussing. In a normal recovery situation, a program spread out over three years would, in most cases, allow businesses in crisis to recover and start over. Following that, their economic situations would probably be similar to what prevailed before the catastrophe. However, in this situation, businesses will experience long-term after-effects over a period of decades. It could take 10, 20, 30 or 40 years—nobody knows. Businesses will have to reposition by producing other crops.

The land itself—the acreage dedicated to production and producers' property—means that they cannot rebuild a viable agricultural enterprise in just three short years. This program needs to be re-evaluated and changed to address the specifics of this situation. This situation is unlike any other. Government assistance must be spread out over a minimum period of 10 years so that these businesses can gradually become economically viable.

Cash amounts were decided on by a committee we were involved in for two years. Representatives from Quebec's ministry of agriculture, fisheries and food and Agriculture and Agri-food Canada also participated. The amounts we established are in line with reality, unlike the \$5 million proposed in early February. That amount is completely out of touch with reality and is not nearly enough to deal with the situation. That amount will not help these producers get back on their feet.

I would not like to introduce Philippe Gemme, a producer who is involved in this process.

**Mr. Philippe Gemme (President and Farmer, AMA-Terre):** Thank you.

I was nervous when I came here in 2006, and I am still nervous today. It is not easy to speak in front of a group of people. I am a farmer, so I am not used to speaking in public, but I will do my best.

What has happened since 2006? Quite simply, our sector was wiped out. In fact, 80% of our market connections and contracts have been lost because the public has lost confidence. People heard that a little worm was attacking potatoes. Try as we might to explain that that was not true, and that the worm attacked the plant, not the potato itself, a myth developed about how potatoes from Saint-Amable were not good to eat. But that is not true. That myth caused the loss of 80% of our contracts for grocery chains like Loblaw's, IGA and Métro.

Before the crisis, a Saint-Amable farm could pack six days a week. Now that is down to one day a week. These farms are now making little or no money. Producers are being asked to insure 15% of their profitability, whereas before, it was 100%. That means that before the crisis, it was \$10 million or \$12 million, and now, people are planting corn, because that was the quickest way to change our practices. Only two of our 21 farms have purchased a thresher or made a drying plan.

All of the warehouses are empty now. Boxes are empty, machinery is in storage, totally useless. There are 3,200 acres in Saint-Amable. For large-scale production, there might be room for two producers, not 21. That is the tragedy Saint-Amable is going through. Asking a farmer with 60 acres or 20 hectares to go into large-scale production is a joke.

In 2006, we were asked to collaborate with the Canadian Food Inspection Agency. That is what people in Saint-Amable did. Even though the potatoes were very good for eating and processing, we were told that if we did not throw them out, we would not be paid. We did not like being threatened like that. My storage rooms were full. We were told to throw away all of the potatoes because of a Canada-U.S. agreement, so we threw them out. Now, two and a half years later, we are being told that we got the money, but we could have sold those potatoes because they were fine to eat. We were told to throw them out and that we would be paid anyway. Now we are still fighting for the \$1 million for the 2006 harvest.

Then we were told that an independent organization called ÉcoRessources Consultants was going to put out a report, a report that the federal and provincial governments would pay attention to. We were told that the government could not give us any money or make any promises until the report came out. We continued to wait patiently. The report was published, and it said that we should be compensated for our losses, including machinery and storage.

Recovery does not take three years. It takes 10 years. I am not the one saying this, the guys from Saint-Amable are not the ones saying this; this is an independent firm. The amount is not important—it is somewhere between \$28 million and \$32 million. Governments offered \$5 million. That is about what a farm in Saint-Amable is worth. We were told to start growing other crops within three years. I am not sure if anyone here could up and change jobs at 45, at 20 or at 55, never mind in three years. That is practically impossible. That would be like asking me to change jobs, to start growing carrots and shove aside someone who is already growing carrots. I would have to learn how to produce carrots. Then I would have to find a market. There are already plenty of carrots on the market.

In closing, I want to say that we cannot change without your help. Earlier, people talked about Alberta. The crisis it is going through now is the same one we went through two and a half years ago. I feel for those farmers.

We need your help. The AgriRecovery program is not good enough.

•(1125)

In 2006, we said that there should be an ad hoc program, a special program for things like this. If there was a storm with six inches of rain this spring, AgriRecovery would probably be fine, but it is not

good enough for this kind of crisis. In 20 years, you will still be talking about Saint-Amable and the zone that was subject to the ministerial order, and we have to live with that. AgriRecovery is fine up to a point, but we need a special ad hoc program because of the ministerial order. Guys in Saint-Amable are ready for recovery, whether they are in the nursery business or the potato business. We have a plan, but we need a helping hand from the federal and provincial governments.

Everyone is talking about the auto industry crisis, and everything is going badly, but agriculture is just as important as water.

Thank you for listening to me. If you have questions, do not hesitate to ask.

•(1130)

[English]

**The Chair:** Thank you very much, gentlemen, for your presentations.

If it's okay with everyone, because our witnesses are here just until 12 o'clock and then we're going to go to the CFIA, I'd suggest five-minute rounds, and that includes questions and answers.

Mr. Eyking, we'll have your five minutes first.

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Thank you, Mr. Chairman.

I'd like to thank the presenters here today.

As we can sense here, what your industry is going through is very frustrating. We've often seen over the years that when a disease hits any commodity, whether it's in the poultry sector or whatever, CFIA acts quickly, for various reasons, and they act quickly because of our international standards and what not. But often, as we're hearing today, the costs and the work fall on the farmers, in how they deal with it and how they get through it.

My question deals with the assistance. I need a clearer picture of what financial assistance came forth after things happened to you, with some numbers per pound or per acreage. What assistance came through with the available programs like AgriRecovery? Also, what programs should have been there, I guess, instead of the programs that are in place right now?

It doesn't matter who answers the question. I know you're from different parts of the country, but it doesn't matter. Maybe each one of you can answer that question.

**Mr. Ernie Van Boom:** I can answer for our situation. For the 8,000 tonnes that we threw out in 2007, we were well compensated. It was very unsure, though, even right after the incident, so it was kind of a gut-wrenching sequence of events before we finally did get the compensation. We had to spend a lot of time in negotiations with the provincial and federal governments to get a number that made sense.

Having said that, as I said, we were well compensated, but it's kind of like getting a really good severance cheque. There's no foresight to do with anything in the future from this point on. Even as I speak right now, there's nothing in place for going forward, and of course, we're still out of business.

**Hon. Mark Eyking:** So the ruling came to you on what needed to be done with your 8,000 tonnes of potatoes. They had to be destroyed, I take it, as you said, so how much did you get per tonne? You didn't really know up front what you were going to get when you were starting to destroy those potatoes.

**Mr. Ernie Van Boom:** No, we didn't. As I said, we were well compensated per tonne. On average, I think we got around \$300 a tonne.

Even to destroy the potatoes, that's another story all by itself. We knew we had to destroy these potatoes, and an efficient way to keep the costs down when you're destroying the potatoes is to do what we ended up doing, which was to throw them out in the snow, but it was very much at our own urging to tell CFIA, "Look, we have to do something with these potatoes." It took a lot of talking to get them to say, "Okay, now go and throw them out in the snow."

We had this feeling that the left hand didn't know what the right hand was doing over there. We got permission from a lower-ranking CFIA guy to do it. We didn't do it right away because we were a little unsure about his permission. We spoke to another guy a week later who said no, not to move those potatoes at all. You can imagine that if we had moved those potatoes without permission, we'd be on the hook for something else.

**Hon. Mark Eyking:** So "confusion" is definitely an understatement.

**Mr. Ernie Van Boom:** Yes, absolutely.

[*Translation*]

**Mr. Bernard Belzile:** The 21 Saint-Amable farms affected by the crisis were compensated only for the 2006 harvest with existing programs through AgriStability, a program to stabilize farm businesses. The CAIS program was replaced by AgriStability and AgriInvestment. Also, other ad hoc programs have enabled farmers to achieve production levels per hectare, to compensate for the destruction of potatoes, and to cover unexpected costs. However, most of the money came from CAIS, which was not fair to all farmers, who obtained different levels of compensation depending on their background, but did not receive compensation for potatoes that had to be destroyed.

In all, producers received some \$6.5 million in compensation under different programs for 1,360 hectares of potatoes farmed by 21 businesses. These programs did not provide fair treatment with respect to what governments announced. We are still \$1 million short for the 2006 harvest.

After 2006, there were no measures other than CAIS or AgriStability catastrophe measures. There were no structural adjustments in 2007. The AgriStability mechanism is such that compensation decreases substantially the second year after a crisis.

• (1135)

[*English*]

**The Chair:** Thank you. Your time has expired, Mr. Eyking.

Mr. Malo, five minutes.

[*Translation*]

**Mr. Luc Malo (Verchères—Les Patriotes, BQ):** Thank you, Mr. Chair.

Mr. Gemme, you have already stated publicly that when the Canadian Food Inspection Agency came to your land, to your farms, it asked you to cooperate, provided unrestricted access, and not worry about anything, that the money would be coming and that it would support you throughout the process until you were satisfied with the compensation you received.

Can you tell that to the committee and explain the context in which the agency made that promise?

**Mr. Philippe Gemme:** With the CFIA, it was a matter of time. We were promised certain things, whether by Agriculture and Agri-food Canada, the Fédération des producteurs de pommes de terre, the gardeners. Every possible committee was there that day. It was all about business. All of the stakeholders said that millions of dollars were being lost every day in Quebec because of the American embargo. When I heard my Alberta colleagues talk about nematodes, I got upset because I figured they would probably go through the same horrible thing I did.

We were told that we had to act as quickly as possible to lift the embargo. We agreed: business was business, and if we had to destroy the potatoes, we would, but we wanted to know who would be paying for it. We were told not to worry, that they would pay.

My colleagues here said that it took time. We said that some of the potatoes were still edible, and we wanted to process them, but we had to throw them all out so as not to get the Americans mad. That is really what happened. The potatoes were good. I saw some farmers cry. It would not have been so bad if the crops were bad, but they were really nice and perfectly edible, and it broke our hearts to have to throw them out.

I do not want to downplay crises going on in other provinces. Because of mad cow disease and bird flu, people have had to destroy their herds and start over. But in Saint-Amable, we have to go on living with the damned ministerial order we were saddled with. We cannot move on to other things. We are going to have to live with that every year.

As for compensation, up to now, Saint-Amable producers could have sold their harvest, but they were pretty much forbidden from doing so. The new amounts suggested are pretty much a provincial loan and just \$5 million to the \$32 million we need. That is the reality.

**Mr. Luc Malo:** Can you tell me how these farmers are feeling? As we all know, behind every farm—especially in this case—there are families. There might be a grandfather, a father, brothers, children, nephews and nieces. Can you tell us what the farmers in Saint Amable are going through right now?

**Mr. Philippe Gemme:** It is like we said in 2006, except that now, it is even worse. You know, after a crisis like the one that happened in Saint-Amable in 2006 or the one in Alberta, people feel discouraged, then they began to wonder why they are doing it. We were all hoping that, a year later, governments—federal, provincial or whatever—would say there was a big problem that they wanted to fix as soon as possible. Promises were made.

As president of the group, I made promises to my members, and they have more or less called me a liar. I am a farmer, just like them. I tried to reassure them, but I do not have anything else to give them. The deadline keeps getting pushed back. A year and a half ago, I was told that they were waiting for the report and then they would fix the problem. The report came out, but nobody paid any attention to it. That is even more upsetting.

Now it is the spring of 2009, and with your support, we are ready to move forward and settle this matter once and for all, which could also help Alberta.

This is the first plant-related crisis we have had in a long time. The last time it happened was in British Columbia and Newfoundland. This is the first crisis in recent memory, aside from animal crises. If governments send the message that things are not quite resolved, do you think that if there is a similar crisis with carrots or some other plant crop, people will want to notify the government of disease in their fields? They will say that what happened five years ago in Saint-Amable is still not resolved, so why would they declare a disease subject to quarantine? Everyone will hide and put their heads in the sand. We cooperated willingly, and now, two and a half years later, here we are.

When the Concorde viaduct incident happened in Quebec, people died. Nobody asked the government if there was enough money in the treasury to bring machines in to remove the cement and get people out. In our situation, nobody died, but all of our businesses are dying. Bankers are asking us when things will be resolved. We are waiting on the governments. That is real life. The warehouse built in 2000 does not have a two-year mortgage. The mortgage is for 20 or 25 years. We are still paying for it even though there have not been any potatoes for two and a half years.

• (1140)

[English]

**The Chair:** Thank you very much. Your time has expired.

Mr. Hoback.

**Mr. Randy Hoback (Prince Albert, CPC):** Mr. Storseth, did you want to make a few comments first?

**Mr. Brian Storseth (Westlock—St. Paul, CPC):** Thank you very much, Mr. Hoback.

First of all, I want to thank Mr. Van Boom and Mr. Goutbeck for coming today, as well as the other people who have come to testify.

These are clearly two related but separate issues.

I don't want to take too much of your time, Mr. Hoback, but I want to thank you very much for coming and ask you if could talk to us a little about how this has affected your farming operations in the last

couple of years and how it will affect you moving forward over the next several years.

**Mr. Ernie Van Boom:** We've lost most of our clients. In terms of being able to rent land around our farm, which has always been a big thing as we don't own a whole lot of our own land, it's going to be very, very difficult.

Those of you in the room who are farmers know something called "coffee shop talk". Well, the potato farmers are blacklisted. It has affected other potato farmers around us as well. When a person owns land and all of a sudden this land has a bunch of caveats put on it by the CFIA, as I mentioned before, the land is worthless and it's very bad for potato growers.

We don't know when the restrictions will be lifted. In the event the restrictions are ever lifted, we would have to try to win back our clients, our buyers. Obviously there is a stigma attached to our farm and the other farm in our area that will make that difficult. The markets we sell into were hard-won, mature markets that took a lot of years to develop.

Using farm language again, we have a very tough row to hoe.

**Mr. Randy Hoback:** I'm just a little curious on the process that the CFIA used in your situation. If I understand right, they found just one nematode. Is that the case? They find one, and then all of a sudden you're shut right down. Or is there a process where they re-evaluate to make sure they're first test was correct and then they do a second test to confirm the first test? Is that how they made their decision? What was the process like?

**Mr. Ernie Van Boom:** Our understanding is that they found only one cyst. They've actually given us that information, but as you heard earlier on, we've had a very difficult time getting actual information as to how the whole protocol unfolded in the laboratory. What our knowledge is is that the cyst that was discovered was somewhat deteriorated, and that was enough to trigger the whole sequence of events that followed. You would think that a little bit more testing would take place, given the consequences of a supposed positive find. That's all we know.

I don't know, Cecil, if you want to add to that.

• (1145)

**Mr. Cecil Goutbeck (Owner, Northbank Potato Farms Ltd.):** Yes. Right after that day, that's when they shut the border down, even after that single find. Our contention is that we don't believe the science is there. We're not sure if there are nematodes on our farm.

**Mr. Randy Hoback:** As you said before, you've done—

**Mr. Cecil Goutbeck:** They've done tens of thousands of samples—

**Mr. Randy Hoback:** And no sign of any at all?

**Mr. Cecil Goutbeck:** And no sign.

**Mr. Randy Hoback:** That's where I get confused. If they're just going to shut down after the first case, why would you go and do the tens of thousands of soil samples? It sounds to me as if they've made their decision. It's done.

**Mr. Ernie Van Boom:** What our trading partner is looking for is a smoking gun. I guess even the single find probably has our trading partner saying there has to be more than that. Through negotiations, CFIA went out looking for it and they couldn't find it.

The way the samples are done is using a GPS system. They went to the original spot where they allegedly—I always throw that word “allegedly” in—found that first nematode, that first cyst, and they dug up a 40-pound sample of dirt right from that spot and they couldn't find anything there. They did very, very heavy testing on that particular field and then the following summer our whole farm was gone over with very intensive testing, and I think that was at the admonition of our trading partners.

I have asked CFIA representatives, because the word on the street now—of course, we don't get told anything, we get it from the street—is that there's going to be one more year of testing on our farm. I've asked the CFIA representatives, “What are you going to tell our trading partners after you go over this whole farm again and there's still nothing?” We think we're being a little bit used as a pawn maybe to protect the reputation. I have to come out and say that.

**The Chair:** Your time has expired, Mr. Hoback. Thank you.

We'll move to Mr. Valeriote.

**Mr. Francis Valeriote (Guelph, Lib.):** I cannot, Mr. Gemme, say with kinder words that although you may have been afraid to come here, you are an excellent advocate for your cause.

I also can't imagine the suffering that you're experiencing in Quebec. I know a law firm in my city—I'm a lawyer originally—burned down completely and they lost everything and they're still trying to recover. I can't imagine what you're suffering through.

I am curious about one thing. You talked about moving to other major crops and being encouraged to move to other major crops. I've read in a report that this also is being encouraged. You indicated the difficulty in moving to other major crops, and in moving to other major crops you'd be restricted, really, to one or two producers.

What would the model look like for the 21 producers who are affected? What would the model look like? Would they have to sell their land to one large co-op or give up their rights in some way? I'm not certain. Can you talk more about that?

[Translation]

**Mr. Philippe Gemme:** Of course it would be hard for us to start over farming something else. For some people, it is a matter of age. Let us not fool ourselves: a 65-year-old will probably not consider that to be an option. Right now, we are expecting businesses to merge, such as medium-sized farms that want to expand. In Saint-Amable, there are a lot of workers, lots of young people. The problem is that the fathers of these young people have seen their net worth slashed to a third of what it was. As the bank manager sees it, Philippe Gemme was worth so much, but now he is not worth as much. It is kind of like trying to sell a \$350,000 house that has pyrite in the basement. Nobody wants to buy it.

Bankers say that in Saint-Amable, land that used to be worth \$8,000 is now worth no more than \$3,000 because its only value is as land for growing corn. I am not saying that things will never go back to the way they were, but right now, the banks consider us to be

risky. There will be changes, but we need money. We need a lot of money to start over doing something else.

Right now, land values have dropped by over half. For example, the warehouse that was supposed to store \$1 million worth of potatoes is now being used to store machinery. Bank managers consider that warehouse's value to be the same as that of a machine shed.

We need support to enable young people to take over and farms to get back on their feet, whether by merging or doing something else. Some might be able to buy their neighbour's land if that neighbour is old enough or has enough land to retire from farming. Young people would be able to contribute if they had support or could take advantage of a special program because of the crisis. As I said before, once there has been a ministerial order, nothing changes.

• (1150)

[English]

**Mr. Francis Valeriote:** Thank you very much.

Mr. Van Boom, I'm curious. I've looked at a document that suggests to me that the CFIA was communicating with you and, on September 24, 2008, e-mailed you and said: “Presently, we do not have an established and accepted process of deregulating land associated to a golden nematode detection.” Do you recall reading that?

**Mr. Ernie Van Boom:** Yes.

**Mr. Francis Valeriote:** Okay. Well, that troubles me, because basically you're sitting in limbo now for the rest of your life.

**Mr. Ernie Van Boom:** I hope not.

**Mr. Francis Valeriote:** I'm curious. You made reference to an agreement that you need to make with the CFIA. You made reference to that in your presentation, that you need to come to an agreement, and I'm curious what you see those terms as being.

Secondly, I'm curious about whether you feel—and I'm going to ask you this directly—the minister himself should be intervening in this case and maybe doing some damage control to help you restore confidence in the Alberta potato crops and restore your reputation.

Can you tell me first about the terms and, secondly, about what you would ask of this minister?

**Mr. Ernie Van Boom:** I think what we're looking for is some method for CFIA to lift these restrictions off our land. Unfortunately, the way the CFIA has been having to work—and I can empathize with that a little bit—is that they kind of take their marching orders from our trading partner. But they need to convince our trading partner that perhaps there might have been a mistake made here.

And I know that's very difficult to do. I sometimes wonder if they live in a world where you're not allowed to do that, and that would be very sad if they're representing me. But anyway, I think that has to be done, and then I believe these restrictions could be lifted off our land.

**The Vice-Chair (Hon. Mark Eyking):** Thank you, Mr. Van Boom.

We have to go to the next questioner.

Mr. Richards.

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

Now, I have to apologize. I have a couple of questions that I likely may have missed just because I was a little bit late getting here. I was in another committee that went right until 11 o'clock and was in a different building. So I want to apologize to everybody. I may have missed the answer to this, but I want to help, to try to understand your situation, Mr. Van Boom and Mr. Goutbeck.

How did this come to be? What led to your soil being tested? What led to this finding by CFIA? How did that come to be? Was that a request made by somebody? I just don't know.

**Mr. Ernie Van Boom:** I understand your question.

I think there is a bit of history with nematodes on both sides of the border that probably has led to some concerns about this. We're all familiar with what happened in Quebec in 2006.

Also, though, in Idaho in 2006 there was a find. Here again, this is just my understanding, but if you're asking me, the response of the CFIA to the find in Idaho was harsh. They closed the border to washed product from Idaho. So I'm just wondering if there is maybe a little retribution going on there.

In any event, in the seed industry, all of a sudden the rule was in place in the fall, at the last minute, that before anybody could ship in 2007, that nematode testing would have to happen.

As I answer that question, I also should tell you that our farm, for 10 years prior to that, shipped to Mexico. We would get tested for nematodes on our farm every year that we shipped to Mexico, and it was always negative.

So I would say some previous incidents that happened between the two countries probably led to this kind of pressure to start testing for nematodes.

• (1155)

**Mr. Blake Richards:** So now, as a result of what has happened, your land is essentially on hold. Can you tell me exactly the process that is involved there?

**Mr. Ernie Van Boom:** We're not allowed to put potatoes on our land for seed production, and that is the strength in central Alberta. Central Alberta has a long and strong reputation internationally for seed potatoes.

We would be allowed to put certain varieties on there, and then we would have to wash everything going on and off those fields all the time, which is very onerous.

I mentioned in the presentation that even for us to put grain on these lands was very difficult. Those of you who farm grain can imagine washing an air seeder when it comes off the land, washing every truck and grain combine that comes off the land, all the time, and always having to call out inspectors and so on. It's very cumbersome. We've spent quite a few thousand dollars on cleaning equipment, and of course, it requires the extra labour as well.

**Mr. Blake Richards:** I certainly appreciate that it has made it very difficult to carry on operations.

Going forward, let's just hypothetically say that if tomorrow the regulations were to be removed from your land, what would then happen, in your best guess? Would you be back in business? What would be the effect on you? What would be the process going forward for you?

**Mr. Ernie Van Boom:** I think probably we would in some sense still be starting from square one, because most of our clients will have gone out and sought new suppliers. Potato buyers or seed buyers are a very loyal bunch. We always appreciated that.

So I think, to be responsible, our acreage would probably be far beneath our historical acreage, simply because it would not be responsible to put in the higher acreage because we probably wouldn't have the market for it. We'd have to earn back that market.

**Mr. Cecil Goutbeck:** To add to that, getting our land, the people we rent from—that reputation is hard to get. Even if they lifted the restrictions, it would still be hard to get new land or other land, because we usually trade land or look for more land. That might be residual for a long time.

**Mr. Ernie Van Boom:** Something like a public exoneration for us would probably be very helpful in that situation.

**Mr. Blake Richards:** I'll pass to Mr. Storseth.

**Mr. Brian Storseth:** Thank you very much, Mr. Richards.

From what I gather from you, I'll ask you this question. Moving forward, if your lands were opened up and the restrictions were taken off, do you feel you'd be able to work within the programs that exist right now, with some minor changes, perhaps?

**Mr. Ernie Van Boom:** We think there would probably have to be some alterations. If you're talking about something like AgriStability, there would have to be some alterations and special conditions applied to it, because we all know how AgriStability works, and obviously our revenues have dropped and would remain dropped for quite a number of years. If some alterations and conditions could be applied to AgriStability, we think there are some possibilities that we could maybe work with that.

**Mr. Brian Storseth:** That's in reference to the margins?

**Mr. Ernie Van Boom:** That's correct.

**Mr. Brian Storseth:** If some changes were made to that on your individual farm, because of the unique situation, do you think you could work within the current programs?

**Mr. Ernie Van Boom:** I would think so.

**Mr. Cecil Goutbeck:** It would have to be longer than three years.

**The Vice-Chair (Hon. Mark Eyking):** Thank you. That concludes half of our committee here.

I would like to thank the witnesses for coming today with your presentations. You're welcome to stay for the second hour in the audience. We're going to bring in government officials and the Auditor General.

We're going to break for just four or five minutes, and then we're going to go right back to questioning.

I have one question for our committee. Do you want to continue with the line of questioning we had or start over? Okay, we'll just continue the round.

Thank you.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1200)

**The Vice-Chair (Hon. Mark Eyking):** I'd like to welcome everybody here again and welcome the new panel and the Auditor General. Thanks for coming.

We're going to continue. In the previous hour, we heard from many of the farmers and farm organizations about what they went through and about the situation they have. Right now, we're going to have two 10-minute presentations. I'm going to start off with Ms. Fraser, and then we'll go to CFIA. Then we're going to open it up to questions.

Thank you, Ms. Fraser. You have the floor.

- (1205)

**Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada):** Thank you, Chair. We thank you for this opportunity to discuss our chapter on the Canadian Food Inspection Agency's efforts to manage risks to Canada's plant resources. Joining me today at the table are the Assistant Auditor General, Neil Maxwell, and principal Dale Shier, who are responsible for this audit.

This is an audit of CFIA's efforts to keep invasive alien plants, seeds, plant pests, and plant diseases out of Canada. The agency's efforts are important for two key reasons. The first is to protect Canada's economy. In 2005, the value of Canada's forest and agricultural commodities was about \$100 billion. The second and equally important reason is to protect Canada's environment. According to experts, invasive species are the second most serious threat to biodiversity after habitat loss.

[Translation]

Invasive species can cause costly plant health emergencies, such as the emerald ash borer, an insect that is killing ash trees in Ontario and Quebec, and the golden potato nematode, which is present in Quebec and Alberta and can reduce potato yields. However, even though plant health emergencies are important in our report, they were not audited. Our report focused on measures taken by the agency to prevent the introduction of invasive species into Canada.

Most people agree that it costs less to fight invasive plants, plant pests and plant diseases before they become established.

The agency takes measures to prevent invasive species from entering Canada depending on the degree of risk because there are far too many imports to inspect them all. We looked into whether the agency was managing risk appropriately when it came to invasive exotic plants, their seeds, plant pests and plant diseases that could enter the country and become established.

[English]

Our audit identified a number of serious issues. We therefore looked to some of the underlying causes of the problems, and we have identified four key issues.

First, there is a lack of appropriate coordination among branches. For example, the policy branch sets inspection standards, but field staff and the operations branch do not always have the current version of the standards.

Second, the plant health program does not have adequate quality management systems. We looked at CFIA's efforts to inspect shipments of plants and plant products. We looked at a small sample of plant shipments, in February 2008, for which the agency's desk review had determined that 100% of the shipment required inspection. Of the 27 shipments we examined, we found that only about 40% of the required inspections had actually taken place. For the others, some shipments were simply released without inspection. In other cases, the office that was supposed to do the inspection had no record of receiving the related import documents.

Third, there is a lack of information management and information technology support. For example, many of the import approval and inspection activities are still paper based, and the agency needs to send thousands of faxes between its offices annually, which perhaps contributes to the missing documents we observed in our testing.

Fourth, import volumes are increasing. In fact, the volume of regulated plant imports more than doubled between 2000-01 and 2007-08.

[Translation]

Overall, we concluded that the agency does not have an effective, integrated, risk-based plant and imported plant product management strategy. We issued a number of recommendations to correct the shortfalls we observed. The agency accepted our recommendations and made a number of commitments in its response. The committee may want to study progress achieved up to this point and ask the agency if it has developed action plans and timelines to address the problems raised in the audit.

Mr. Chair, that concludes my opening statement. My colleagues and I will be happy to answer committee members' questions.

Thank you.

•(1210)

[English]

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much, Ms. Fraser.

Next we have Mr. Prince from CFIA for 10 minutes.

**Mr. Cameron Prince (Vice-President, Operations, Canadian Food Inspection Agency):** Thank you, Mr. Chairman, ladies and gentlemen. I appreciate the opportunity to appear before this committee. My name is Cameron Prince, I am the vice-president of operations at the Canadian Food Inspection Agency.

Today I will be speaking about potato cyst nematodes, PCNs. There are more than 4,800 species of nematodes that can attack plants. Potato cyst nematodes are specific cyst-forming nematodes that attack a limited range of plants, principally potatoes, which are a very important food crop for Canadians. They can cause extensive damage to host crops, such as potatoes, tomatoes, and eggplants.

PCNs do not pose a risk to human health. However, they are a serious risk to the international trade of commodities associated with soil. So every precaution must be taken to prevent their introduction and spread.

These pests are extremely small, infest the soil, and are very difficult to eradicate because they can persist dormant in the soil for several decades. While the land is still usable for most crops, it can be unusable for years for such crops as potatoes, tomatoes, and eggplants.

PCNs have been confirmed in 65 countries worldwide, including the United States. They were first discovered in Canada in 1962 in Newfoundland. In Canada, nematodes are present in limited areas of Newfoundland, Vancouver Island, Quebec, and Alberta. The CFIA has national responsibility for the regulatory control of PCNs.

[Translation]

They are considered quarantine pests because their distribution throughout Canada is limited and they can have major economic repercussions and reduce yields by up to 80%. Because they have been in Canada for a long time, they are not considered a new phenomenon here.

As you know, protection from invasive species was one of the points raised in the Auditor General of Canada's recent report. The CFIA welcomes the report and has begun to implement recommendations in order to develop an integrated, effective risk-management strategy for vegetable imports and processed products. As import volumes increase, the CFIA must continually review and assess its scientific, strategic and operational requirements, as well as its information systems in order to keep its plant protection strategies up to date.

[English]

Confirmation and validation of PCNs are based on internationally accepted procedures that include physical identification of specimens at the microscopic level by highly trained specialists, followed by DNA analysis. Once PCNs have been detected, control and eradication of them require a combination of approaches over the long term. One such measure is prohibiting the planting of

susceptible host plants for 20 to 30 years after a field has been confirmed as infested with the pest, as well as controlling soil movement from that location.

[Translation]

PCNs propagate themselves through the movement of soil associated with potato tubers, agricultural machinery, flower bulbs, other propagation material, and shoes. Because of soil-inhabiting pests, such as PCNs, Canada prohibits the importation of soil and host crops from overseas sources, including potatoes from all countries but the United States.

[English]

The CFIA has a surveillance program in place to detect PCNs. Our surveillance and testing strategy has been developed in accordance with international science-based standards. In fiscal year 2008-09, the surveillance program cost \$8.6 million out of the CFIA's emergency fund. In total, the CFIA, with the support of Canadian seed potato growers and other stakeholders, tested approximately 44,500 soil samples related to the 2008 surveys. Since 2006, the CFIA has tested approximately 110,000 PCN samples.

On February 6, 2009, the CFIA completed the required testing of all Canada's seed potato fields from the 2008 crop intended for export, including all seed fields in provinces with PCN-regulated areas. PCN was not detected. This indicates strong scientific support for isolated occurrences of PCN in Canada.

On August 15, 2006, the CFIA confirmed the detection of a PCN, the golden nematode, in a 30-acre field on a farm 20 kilometres east of Montreal. The CFIA immediately started an investigation with the participation of the Government of Quebec and industry. Strict quarantine measures were implemented on the affected property to prevent further spread. Extensive root and soil sampling was also conducted. By October 6, 2006, the Minister of Agriculture and Agri-Food was able to announce that Canada and the United States had reached an agreement to lift virtually all the temporary U.S. import restrictions that were implemented on certain agricultural products from Quebec after the detection of golden nematode.

The most recent instance of a PCN detection dates back to the 2007 crop of potatoes, when two Alberta farms tested positive for the pest. Seed potatoes produced by the two affected farms were disposed of to prevent any further PCN spread. Subsequent investigation and follow-up testing on PCN-exposed fields has indicated that PCNs are not present in any other fields on the two affected Alberta farms.

I'd now like to talk about the proposed new revised guidelines with the United States. Revised Canada-U.S. PCN guidelines are now in the final stages of review on both sides of the border. These guidelines reflect the recommendations of an independent international science panel. The proposed guidelines harmonize surveillance and regulatory actions to create a level playing field on both sides of the border. This will lead to fewer restrictions on the movement of agricultural products. For example, entire state- and province-wide based controls are now eliminated; suspect finds will not automatically lead to market closures; fields, not farms, will be the focus of regulatory actions; and regulatory action in a field will end after two negative test results from two separate intensive surveys. Industry is currently reviewing these proposals.

Establishing these criteria for regulated areas will allow for more free movement and trade of agricultural products from all production fields located outside the affected areas. Commodities beyond these specified areas would no longer be subject to PCN-related trade restrictions. All potato shipments between the two countries now include a phytosanitary certificate with an additional declaration confirming that the seed potatoes originated from fields tested and found free of potato cyst nematodes. The new guidelines also call for more extensive field surveys for seed potatoes in both the United States and Canada starting in the 2007 production year.

• (1215)

[Translation]

The CFIA is committed to working with stakeholders to screen for PCNs and to harmonize regulations with the United States to stabilize trade and increase producers' ability to plan in order to minimize repercussions of future discoveries and to enable Canadian potatoes and other targeted products to reach the markets.

[English]

Thank you very much for your time today. My CFIA colleagues and I would be pleased to take any questions.

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much, Mr. Prince.

We're going to go to the Department of Agriculture and Agri-Food, with Mr. Meredith.

**Mr. Greg Meredith (Assistant Deputy Minister, Farm Financial Programs Branch, Agriculture and Agri-Food Canada):** Thank you, Mr. Chair and members of the committee. I appreciate the opportunity to be here today. I'll keep my remarks short.

My name is Greg Meredith and I am the assistant deputy minister of the farm financial programs at Agriculture and Agri-Food Canada.

Today I wanted to speak to you about the financial assistance to producers in Quebec and Alberta affected by golden nematode. From

the start, producers were assisted with their income losses through our core business risk programs. You've heard them referred as AgriStability, formerly CAIS, but there are other pieces of the business risk management suite, including AgriRecovery, the disaster recovery component; AgriInsurance, crop insurance; and AgriInvest, which is a savings account that is shared between the government and producers. These programs ensured, at least in the short run, that producers were treated the same as any other producer in the country facing similar income losses, as compared to previous margins they were experiencing.

[Translation]

We also recognized that their situation is different. We therefore set up programs to help them cover certain unexpected costs they incurred to deal with the crisis, whether to destroy potatoes that could not be sold or to clean and disinfect warehouses and equipment. We also helped them to cover immediate costs related to switching to other crops. Measures offered differed from province to province and from situation to situation, and they varied depending on specific expenses and any transitions that had to be made.

• (1220)

[English]

I'll turn to the Quebec situation. In Quebec the federal government put in place a program to aid in the case of the disaster caused by the nematode and offered additional assistance through CFIA's Plant Protection Act to help affected farmers with the extraordinary costs. The province also implemented specific programming to assist the immediate needs of producers.

In total, government assistance for the 2006 crop year, the year the nematode was discovered, amounted to approximately \$6.6 million for the 21 affected producers. Subsequently, in the 2007 crop year, special provisions were implemented under our existing AgriStability program to maintain coverage at historic levels, and that provided an additional \$1.3 million to producers.

In the case of the Alberta situation, a similar response was implemented, but again, tailored to the specific situation the producers faced. In total, 39 farms were affected, by regulation, with two farms of those 39 with infested fields. And the total compensation was \$16 million between the federal and provincial governments. AgriStability payments are currently being calculated for those producers on the same basis as they were for the Quebec producers.

We then switched from immediate assistance, based on our existing programs, to help with transition to the longer term. And having dealt with that immediate recovery, we are working with the producers to try to get a fix on their transition needs. The producers' land, as you've heard, is still able to produce some crops, and our initiatives are aimed at assisting with the transition to these alternative uses. We are not aiming to compensate producers for future lost revenue due the fact that they can't grow potatoes. And you may have heard that some of the alternative crops are just not as lucrative as the potato crop.

In Quebec both levels of government offered producers a lump-sum payment of \$5 million to the 21 farms to assist in that transition. Together with the province, we believe these sums will help producers, on an individual basis, make the transition decisions they have to make. Together with the previous funding I mentioned, that brings the total funding to almost \$13 million for the 21, roughly a little more than \$600,000 each.

We are now in discussions with the Alberta farmers on their transition needs, and right now there are a number of complications. Until decisions on the regulatory status—my colleague Cameron Prince was referring to this—of the farms is finalized, it'll be difficult to come to a final number.

In terms of the longer-term perspective on how we help farmers in transition, we're dealing with that through an industry and government task force on the potato cyst nematode. We have a body, including the Canadian Horticultural Council, and that forum serves to coordinate the development of PCN surveillance guidelines, communication to producers on these issues, identification of research needs, and development of transition approaches for future incidents or outbreaks. Of course, discussions with the affected producers in Alberta and Quebec were held on a different track to get assistance to them quickly.

To conclude, Mr. Chair, we've dealt with the immediate needs of the producers through core programs and specific measures to assist in their recovery. We have a formal process in place to look at how we're going to deal with potato cyst nematode issues going forward. And finally, we're trying to work with those folks who were so badly hit in Alberta and Quebec to provide assistance with making the transition so they can continue farming operations.

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much, Mr. Meredith.

We're going to start with five-minute questioning. I'll ask the witnesses to keep it tight so we can get it under the five minutes. And we'll try to make sure every party asks a question.

We're going to start with the Bloc, for five minutes. Mr. Malo.

[*Translation*]

**Mr. Luc Malo:** Thank you.

Ms. Fraser, in your December 2008 audit report, you talked about the appearance of plant health emergencies. One of the tables shows that the golden potato nematode appeared in Quebec in 2006. In 1996, your office reviewed plant protection, just as it did in 2008. At the time, Agriculture and Agri-food Canada and the Canadian Food Inspection Agency accepted your recommendations and agreed that there were things that had to be done.

In 1996, the department was supposed to undertake a thorough review of the economic repercussions of these threats. Between the first and second reports, the golden nematode appeared in Quebec. In your 2006 report, you said that the agency's analyses were focused exclusively on what was happening in the country and less on threats from other countries, an issue you noted in 1996 as well. At the time, you noted that the program's priorities and resource allocation were not based on scientific risk assessment. Both reports state that the information is not reliable enough.

Between 1996 and 2008, even though your recommendations were acknowledged as being important and the government entities recognized the need for action, a new invasive species was found where it had never been before. Until 1987, the agency had a program dedicated to nematode risk assessment.

Do you agree that the agency failed and that it must bear some of the blame for the appearance of the golden nematode?

• (1225)

**Ms. Sheila Fraser:** Mr. Chair, as I stated in my opening remarks, we did not study emergencies specifically. We studied the agency's risk assessment process and its program administration.

The member is right in saying that questions raised in 1996 are being repeated 12 years later. These questions relate primarily to the agency's administration and information systems. As I said, everything is still being done on paper. As it says in the report, 84,000 shipments enter the country each year. Everything is done on paper, and offices exchange faxes. As you can imagine, that creates a huge challenge for the agency. That was the subject of one of our recommendations 12 years ago. We believe that the agency must have a computerized system that can produce information more quickly and provide access to a Canada-wide database.

When there is a problem like the one we mentioned—I remember a problematic incident where it took five people five days to find the right documents.

**Mr. Luc Malo:** In your 2008 report, you noted that quality assurance issues with respect to import-related activities were critical to preventing exotic invasive species from entering the country and becoming established. The golden nematode was not detected in the area before. It appeared, and that may be because there was no thorough process to prevent the introduction of invasive species.

**Ms. Sheila Fraser:** In the report, we also pointed out that the agency is conducting scientific studies on possible threats, that the studies are way behind, and that they have to be updated. Agents within the agency have asked for these studies. There has to be a thorough scientific basis. When the agency conducts these studies, they do a good job, but they do not do enough of them.

[English]

**The Vice-Chair (Hon. Mark Eyking):** Thank you, Ms. Fraser, and thank you, Mr. Malo.

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

• (1230)

**Mr. Brian Storseth:** Thank you very much to the witnesses for coming forward today.

Mr. Meredith, from talking to producers in the Alberta region who were affected, I can tell you that they're very anxious to continue to deal with the department. They've had nothing bad to say about the process there, but of course they're still hung up on some problems with the CFIA.

I'm going to direct my questions today to Mr. Prince and Mr. Mayers, but predominantly Mr. Prince. I'm here today to talk about Northbank Potato Farms. You're obviously aware of this case.

One deteriorated sample was identified on the Northbank Potato Farms. As briefly as possible, can you tell me the actions CFIA took once you had an identified sample of PCN?

**Mr. Cameron Prince:** Yes. Once we found that sample, we assessed it and validated it. Obviously we have international obligations that we must abide by, and we followed up with notifications through the appropriate channels, particularly to the U. S.

**Mr. Brian Storseth:** That action effectively shut this potato farm down for the year. CFIA took very quick steps with this matter. I haven't heard any complaints from my producers about the quick action that CFIA took, but you did effectively shut this farm down.

You took more samples at that point in time, correct? You took tens of thousands more samples from this farm. Did you find any further positive test results from this farm or this location?

**Mr. Cameron Prince:** No.

**Mr. Brian Storseth:** I would like you to clarify one thing. You said in your comments that there have been no other positive test results on any of the other exposed fields on these Alberta farms. I believe those were your comments. In particular, you did very extensive testing on the field where you had found this one deteriorated sample. Did you find any more infectious samples in that field?

**Mr. Cameron Prince:** No, we did not.

**Mr. Brian Storseth:** What would the rate of infection be in a field, traditionally? I believe it's thousands of positive samples you would find. What would you expect to find on an infected field?

**Mr. Cameron Prince:** I may ask the experts who are here with me today to help with that, but it can vary tremendously. The evidence we have to this point, based on the one positive sample, is that we are looking at a very, very low rate of infestation on those

Alberta farms, but keep in mind that these are very small organisms and very large fields, in some cases. This is how sampling works. If you find a positive, it doesn't mean it's the only one in the field. It's indicative of the presence, albeit at a very low level.

**Mr. Brian Storseth:** You guys are good at this, right? You know exactly where that sample was taken. You've heard all this. You know exactly where that sample was taken in that field on that farm. How many samples did you take from that exact spot where you supposedly found this potato cyst nematode? How many samples do you know you took from that exact spot, samples that have now obviously come up negative?

**Mr. Cameron Prince:** I don't have that detail. I don't have the details around the exact amount.

**Mr. Brian Storseth:** They were significant numbers, though.

**Mr. Cameron Prince:** A significant amount of sample was taken.

**Mr. Brian Storseth:** It was from the exact spot.

**Mr. Cameron Prince:** We were trying to find it. That's our job.

**Mr. Brian Storseth:** And you're very good at your job. Nobody here is disputing that.

It is also my understanding that the deteriorated sample was tested in the same lab that had just tested thousands of positive samples from Quebec farms in the previous week. Is there no chance whatsoever that this test result was a mistake? It seems obvious to all the members of this committee who heard the testimony from the farmers today that there is at least the chance that it may have been an error.

**Mr. Cameron Prince:** I'll ask our vice-president of science, Dr. Martine Dubuc, to respond to that question.

Thank you.

[Translation]

**Mrs. Martine Dubuc (Vice-President, Sciences, Canadian Food Inspection Agency):** I can provide more details about how the samples are transported to the laboratory so that members of Parliament and the committee—

[English]

**The Vice-Chair (Hon. Mark Eyking):** I'm sorry, you only have 15 seconds.

• (1235)

[Translation]

**Mrs. Martine Dubuc:** The samples we received from Alberta arrived several weeks after we finished dealing with the Quebec samples. Between the two, there was a period during which there were no samples from Quebec in the lab where the tests were performed.

Everything was checked, and quality control measures were taken. The agency's labs are recognized and accredited by the Standards Council of Canada. All procedures were followed. We were assured that there was no contamination from the Quebec samples because several weeks had elapsed between the two processes, and disinfection procedures had been followed.

To ensure that equipment has been cleaned properly, we always validate using negative control samples. That is done before we begin testing on samples from new fields. When it comes to results, we do everything possible to ensure that the samples have not been contaminated by other samples processed in the same lab.

[English]

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much. We will now move to the Liberals.

Mr. Murphy, welcome to our committee. You are no stranger to the potato industry, being from Charlottetown. You have five minutes.

**Hon. Shawn Murphy (Charlottetown, Lib.):** Thank you very much, Mr. Chair.

Mr. Prince, I can sympathize with your job. You dread the day you get one of these calls; it throws the agency into disarray for quite some time.

I noticed one thing. Are there any existing protocols with our major trading partner in the United States for dealing with these situations? We went through the PVYn, and you people and I have been in the same room with 300 or 400 screaming potato farmers. What starts off as a legitimate scientific issue morphs into what they believe is a trade issue.

Are there any protocols for exactly how these situations are dealt with and resolved?

**Mr. Paul Mayers (Associate Vice-President, Programs, Canadian Food Inspection Agency):** Thank you very much.

There is a protocol, and as a result of that protocol, the actions you heard described were implemented by our trading partner, in this case the United States. Prior to the work we have recently done with the United States to develop new guidelines, the automatic response was province-wide closure of the market. What you heard in the remarks made by my colleague is that with the new guidelines we have negotiated with the U.S., there will no longer be province-wide closure, there will no longer be an impact on the entire farm, and the focus will be on fields instead. There will of course still be work to do, in the event of a positive find, to demonstrate the scope of that particular find and act only on that scope.

So there are indeed guidance documents, which are now being revised and which we believe will improve the situation, will narrow the scope of impact as a result of a find, and will limit the impact of a find much more than has been the case in the past.

**Hon. Shawn Murphy:** I heard the evidence of the producers. It becomes a difficult issue for them, as to when they can deregulate their lands and get back into business. Is there any established protocol as to when and under what conditions the land can be returned to normal agricultural production?

**Mr. Paul Mayers:** This was one of the very serious limitations of the previous protocols: that there was not a clear basis on which to return lands that had been identified as positive to production.

In the new guidelines, this has been addressed. Now regulatory action with regard to a field will cease after two negative test results from separate intensive surveys. We now have a very clear basis to remove regulatory controls from a field that had been subject to those controls, based on those fields' being demonstrated not to be positive.

**Hon. Shawn Murphy:** So that's the protocol, and it is well known and available to the people in the agriculture industry.

• (1240)

**Mr. Paul Mayers:** That's correct. The guidelines have not been concluded. Both the CFIA and the U.S. Department of Agriculture's animal and plant health inspection service have agreed. The protocol is now in the hands of the industry on both sides of the border for their input, and it is our hope that we can conclude this protocol quickly so that we can move to implement it.

**Hon. Shawn Murphy:** Correct me if I'm wrong, but I understand—although probably nobody knows for sure—that the best scientific evidence is that this nematode problem was domestic to Canada and not imported from another country. Is that correct?

**Mr. Paul Mayers:** Yes. We have had potato cyst nematode in Canada for many decades, albeit in specific parts of the country and clearly at a very low level of prevalence.

**The Vice-Chair (Hon. Mark Eyking):** We have half a minute left. Does anybody want to add anything to that?

**Mr. Paul Mayers:** While I'm talking about it, probability is very important. There is, of course, the potential for high levels of infestation or very low-level prevalence. What we seek to do is, of course, detect. However, it is important to understand that detecting a low-probability event will be difficult to replicate. This committee is very familiar with low-probability events, such as in the case of BSE and the challenges that individual positives present in that regard. It doesn't mean those positives aren't real, but it is a very low-probability event that's being responded to.

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much.

We're going to go to Mr. Atamanenko now, for five minutes.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thank you very much.

I'm sorry I was late; I was tied up in the House. Unfortunately, I missed the testimony of the witnesses before you folks, but from the notes I have and from your testimony, it's clear there has been a lot of hard work done to help our farmers and to ensure that if this happens in the future we react and do what we can.

However, I understand from my calculations that the \$13 million allocated to the 21 farmers in Quebec works out to roughly \$600,000 per farmer, yet in their testimony the AMA-Terre group say that "ÉcoRessources Consultants has proposed the partial budget method, but it has not been selected by governments." I would like to know what that is.

Also, they say that "governments have adopted a method based on an evaluation of the financial costs of recovery based on a model for the transition from potato production to grain corn production".

[Translation]

I have a letter here from Mr. Gemme.

With your permission, I will quote part of it. It says:

The amounts we have been offered are not in line with our reality. [...] We have been patient and tolerant, and we have respected the recommendations because we trusted them. Our trust was broken by inaction and a lack of sympathy for our cause.

According to your statement, \$600,000 was given to each of these individuals to support them. However, Mr. Gemme's letter and the report on today's meeting suggest that may not have been enough. Would you please comment on that?

[English]

**Mr. Greg Meredith:** That's for me, I think. Thank you for the question.

Let me clarify one small piece that's important. The total compensation that would be on the table, if the \$5 million were accepted, would be about \$600,000, plus or minus a bit, per producer. The \$5 million has not been agreed to. It's the source of fairly significant discussions between the industry and ourselves.

The methodology you referred to that we are using, if I can lay the foundation for my answer, is this. We have several programs at the outset that work together. We try to look at gaps in support when we're applying AgriRecovery so that we're not compensating twice for the same thing. With the Quebec government, we use a model that it has put together about what a model corn farm would look like—because we had to choose a target.

By way of example, how would you get from here to there over, say, a three-year period? We looked at such issues as carrying costs and new investment; land rental, if you had to expand your arable land in order to produce the same income, because the yield per acre is lower on corn than potato; advisory services and consultant assistance that would be required to make that transition. And we came up with the \$5 million number overall for the 21 farms.

• (1245)

**Mr. Alex Atamanenko:** In your opinion, if in fact this \$5 million were agreed to, should that sufficiently compensate the farmers? Is that sufficient?

**Mr. Greg Meredith:** Well, this is what our federal and provincial governments have agreed to.

**Mr. Alex Atamanenko:** What has the feedback been from the farmers affected?

**Mr. Greg Meredith:** Well, I don't want to speak for them, but I could say in all honesty that there's been a great deal of dissatisfaction with that offer.

**Mr. Alex Atamanenko:** Is it because of the model, or is it the actual amount?

**Mr. Greg Meredith:** Again, at the risk of speaking for them, I think there's one issue that has created quite a gap between our perspectives on it—the perspective of government versus industry. Our model is a three-year model for transition, and I think the industry was more interested in a 10-year model, which comes up to a fairly significant amount of money, in the range of \$30 million or so.

**Mr. Alex Atamanenko:** Thank you.

**The Vice-Chair (Hon. Mark Eyking):** That's it. Thank you very much.

Mr. Storseth, for five minutes.

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

I want to go back. We have the Auditor General here today saying there are some problems with your approach when it comes to plant and plant product imports. We have witnesses here today, who have had something like 40,000 samples taken on their farm, none of which have come back positive. And CFIA is sitting here saying there is absolutely no chance—zero chance at all—that there was a mistake made on their part. Zero chance.

I have letters from a CFIA national manager saying it's great news, we haven't seen any problems yet; we've taken all these tests, and it's great that you haven't had any further positives, but at the end of the day, you could still be regulated for the next 40 years. This is ludicrous.

I am 100% behind what you guys do in making sure we do a good job when it comes to this. But to sit here and say... I mean, this is affecting the lives and livelihoods of a generational farm, which quite frankly we don't have enough of in our part of the world. We're telling them we're going to look after them, but there's probably a low-level sample that's just not detectable. And the answer from CFIA is, well, we're going to keep looking at it, and we'll get back to you if we ever find anything.

I want to know when these guys are going to get their farms back. If you need to take more samples, by all means; the producers are willing to be as reasonable as possible here. But if you can't find anything, there has to come a time when you say there may have been a mistake. And if you don't want to admit there was ever a mistake, deregulate their farms so they can get back to dealing with the Department of Agriculture on how they're going to move forward with this.

This is affecting these people's lives, and they need answers. Quite frankly, the answers they've been getting from CFIA are not acceptable. Saying you'll get back to them in July or you'll get back to them whenever is not acceptable. They need to know, and they need to know soon.

**Mr. Cameron Prince:** Certainly we understand what these findings mean for these producers. We certainly empathize with their situation. We also are doing our very best to move this forward as quickly as we possibly can.

We are not alone in this decision-making. We are clearly very closely linked with the U.S., and Mexico to some degree. We have to have these agreements with these countries nailed down so that we can move forward.

I think that's the juncture we're at now. We have—

• (1250)

**Mr. Brian Storseth:** Mr. Prince, I don't mean to interrupt you, but time is of the essence.

You continue to talk as if this farm has PCN. All the evidence that has come forward today, and even the nodding of your own heads, suggests to me that not everybody around this room is convinced that this farm even has PCN. That is the issue here.

When you're talking about international agreements and all the rest of this, nobody's arguing with you about that. But when you're talking about a farm that you have taken over 40,000 samples from—you went to the exact footage of the area where you got the original samples and you've taken massive tests—and you still can't find anything, there has to be another way forward. It's been years now, and these guys have the next 10 years to worry about this.

**Mr. Cameron Prince:** Yes, I understand.

**Mr. Paul Mayers:** We absolutely agree that there has to be clarity going forward. In fact, that's exactly why, in the negotiations with the U.S., the issue of clarity on how you remove controls was a particular focus. And we have that now.

**Mr. Brian Storseth:** Thank you, Mr. Mayers, but when are these guys going to get their farm back?

**Mr. Paul Mayers:** The answer is, with two negative test results from two separate intensive surveys. We have that clarity. We are already gearing up to hit the ground in terms of doing that survey work so we can get these farms out of regulatory control as soon as we possibly can, because we fully agree with you.

**Mr. Brian Storseth:** On these farms where you cannot find an infection level, are you then going to make it public? As our producers here said, and as Mr. Van Boom said, it sure would help with all the rest of the people that they rent land from and deal with if they're in some way exonerated on this if you cannot find further evidence.

**Mr. Paul Mayers:** That is the entire aim of the removal of controls. It is to be in a position, to be clear, and to state to whoever is interested in the information that these fields—and it's even not just farms, it's right down to fields—are no longer subject to any regulatory controls as it relates to PCN. That's our aim.

**Mr. Brian Storseth:** Thank you.

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much.

That ends this round of questioning. We still have a few minutes. If it's all right with the floor, Mr. Bellavance wants a short question unless there are any complaints.

We'll let you have a few minutes to ask your question. Maybe we'll do a couple of short snappers and see how it goes.

Mr. Bellavance.

[*Translation*]

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Thank you, Mr. Chair. I appreciate that. Like Alex, I had to be in the House to take care of another matter. I am pleased to have the opportunity to hear today's witnesses.

Mr. Meredith, you have mentioned several figures, and we have gotten the impression that the government gave \$30 million to potato producers in Saint-Amable.

I was there in 2006 when the former minister of Agriculture, Chuck Strahl, went to the UPA's annual general meeting in Quebec City to announce \$5.4 million for agricultural producers to compensate them for the problems they were having in Saint-Amable. Producers received \$1 million less than \$5.4 million—\$4.4 million. The money was distributed through CAIS, but now it goes through Agri-Stability.

You mentioned that the department covered some costs. In 2006, the committee submitted a report saying that there has to be an ad hoc program because the existing programs were not effective. We know that programs like AgriStability and AgriRecovery are all basically the same. They replaced the CAIS program.

You also said that the proposed agreement was not signed, and I am glad you mentioned that. Five million dollars was supposed to go to 21 farmers, and you said that was \$600,000 each. I am not sure how you came up with that number. By my math, it would be \$238,000 each if the agreement is ever signed. Explain that number for us, because the farmers and I are not getting the same number as you. I do not think that they have seen a penny of that \$30 million yet.

[*English*]

**The Vice-Chair (Hon. Mark Eyking):** Thank you, Mr. Bellavance.

A short answer, if you can, please.

**Mr. Greg Meredith:** Yes. Thank you.

I'm more than happy to clear up some of the numbers. I wasn't referring to government support as \$30 million. I was saying that the producers are looking at a price tag of \$30 million for their model of transition.

What we would end up providing to producers, should the offer of \$5 million be accepted, would be about \$13 million. That's how we get the number of \$600,000 on average. Of course, there are some producers who would get more and some who would get less. What we've suggested for the \$5 million is that we leave it to those in the industry to decide themselves how to apportion that money.

On the sources of funding, you're quite right, there are the CAIS program, the Plant Protection Act, and the golden nematode program that we put in place in 2006. Then there was the provincial offer, which comes in at 40% of what the federal government does, or 40% of the overall package, and also some structural adjustment changes in AgriStability that we offered the producers, for another \$1.3 million. That brings that first tranche of immediate support to nearly \$8 million, to \$7.9 million, so that plus \$5 million gets us up to close to \$13 million.

• (1255)

**The Vice-Chair (Hon. Mark Eyking):** Thank you, Mr. Meredith.

We're going to go to Mr. Shipley for a short question.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** This is to Mr. Prince.

On public accounts—and we went through this with the Auditor General a couple of weeks ago—when I look at the comments about strict scientific inspection... That is really your science-based programs; you emphasized that more than once. The report said that a little over 60% of the time you weren't doing the inspections that you should have been doing on product coming in, and yet when we look at this particular farm, it looks like it's been targeted. You took one sample that found a perceived—maybe, we aren't sure—nematode. You continually took thousands upon thousands and have not found any. It almost leaves the impression that you're trying to cover yourself—we've got to find something here.

What I'm wanting to know—and I'm going to follow up Mr. Storseth, because these are the answers the farmers need to know—is when you will release it. You say the “proposed guidelines”? So I don't know, Mr. Mayers, when that is, but I don't like the language: don't worry, we're gearing up. It doesn't give much confidence.

Secondly, the answer wasn't given on this issue. When this gets released, the farmers in Alberta and other places that have this, particularly since you've not found anything, need to have the support of CFIA in the announcement that there is not any, not only for their exports, but for their neighbours and their community.

I want an answer to both of those, if I could. What you will do in terms of the timing, and will you help them at the end?

**Mr. Cameron Prince:** I'll start with the second one and say that definitely we will help. We will be as transparent as possible. We will get the information out there so that this stigma that seems to be attached to these farms as a result of this unfortunate circumstance can be lifted as quickly as possible.

I'll turn to Mr. Mayers for the other question.

**Mr. Paul Mayers:** Thank you.

In terms of the guidelines themselves, as I mentioned, they're currently with the industry. We anticipate receiving the comments from the industry on both sides of the border in the next several days, frankly. That's our expectation.

Once we have those comments and assuming that they continue to be supportive of the proposal, we will work to conclude that with our

U.S. counterparts. I cannot give you an absolute date when that will be concluded, because it will depend both, of course, on seeing the comments that the industry brings forward—and I have not seen those yet so I can't say what's in them—and concluding the agreement with the U.S.

In terms of the deregulatory action in terms of the fields themselves, the reason I say we're gearing up is that we want to be ready to get samples into the lab as soon as it is physically possible to do that in terms of the soil being at a point where we can sample. And as I mentioned, because it takes two negative test results from two separate intensive surveys, that's the timeframe we work in—to undertake that work as quickly as we can to deliver that. So our expectation is that by the next growing season, assuming all negatives, these fields will be released.

**Mr. Francis Valeriote:** Thank you very much.

• (1300)

**Mr. Bev Shipley:** It seems to me you've done 40,000 tests.

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much.

We only have one minute left. Mr. Valeriote, if you want to ask a short question, then I'm going to wrap it up.

**Mr. Francis Valeriote:** Mr. Chair, this is a question for Mr. Meredith.

Mr. Meredith, the process that the Quebec farmers are going to have to go through is both daunting and extensive, either transformative or rehabilitative. First, do they have a right to appeal the decision that has been made, this \$5 million offer, if that's part of the model? Second, in my estimation, the amount is woefully inadequate for them to make that transition. Do you recommend any changes to the model?

**Mr. Greg Meredith:** The ministers at this point have agreed on that number, so in terms of formal appeal, it's not a bureaucratic process that has a formal appeal process laid out. On the second part, I'd just point back to the decision by ministers that \$5 million is the offer.

**The Vice-Chair (Hon. Mark Eyking):** Thank you very much.

That concludes today's meeting. I'd like to thank the witnesses, and I hope we see some better changes in the future for our farmers on this issue.

Our next meeting will be April 21, and we're going to have the SM5 here, the supply management.

Is there a point of order?

[Translation]

**Mr. André Bellavance:** I want to be sure that there will be a report on today's meeting.

[English]

**The Vice-Chair (Hon. Mark Eyking):** No problem.

So that's it. Everybody have a good break. Thank you.

The meeting is adjourned









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