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—
Chair

Mr. Larry Miller

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• (1105)

[English]

The Vice-Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning, everybody. As you can see, I'm the chair this morning. Larry called me late last night. He has a death in the family. His aunt died. We told him we could take care of things when he's gone, so he is with his family.

We're going to be continuing our study of competitiveness. We have some speakers here today, but I may ask them to wait, because we have some business we have to deal with before we go to our witnesses. If we can be quick on these three things, we won't leave our witnesses waiting too long.

Number one is a request from the Canadian Pork Council and the Canadian Railroad Association to attend our competitiveness meeting. I don't know that we need a vote on that, but if nobody has a problem with that, then we'll schedule them in.

Hon. Wayne Easter (Malpeque, Lib.): What were their names?

The Vice-Chair (Hon. Mark Eyking): The Canadian Pork Council and the Canadian Railroad Association. So are we all right with having them come to the competitive part of our study? No objections? Then the clerk will move forward on that.

On our second order of business, we have two motions. Does everybody have them? One is from Mr. Easter and one is from Mr. Hoback.

Mr. Easter, would you like to speak on your motion?

Hon. Wayne Easter: How many witnesses do we have, Mr. Chairman? I'm willing to move this to our next meeting, because it's not pressing. The issue this is over the witnesses are already scheduled for, so it's for the future. If we want to move it to the next meeting, that's fine with me. It will take some time; I guarantee it.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Chair, I say if we're supposed to do committee business, we should do committee business. It's on the agenda.

The Vice-Chair (Hon. Mark Eyking): It's the same with Mr. Hoback's motion. He's not here. So maybe we'll push them forward.

Yes, Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): If it's going to take some time to talk about the motions, then maybe we should do it at the end of the meeting, because it's not fair. These folks are here and they're ready to go. We should get going with the witnesses.

The Vice-Chair (Hon. Mark Eyking): We have one more item. There's a bill, Bill C-29, that was referred to the committee yesterday. Sometimes committees are supposed to deal with these bills sooner rather than later. Do we go right to that bill when we come back after the break? That's the question.

Mr. Lemieux.

Mr. Pierre Lemieux: Chair, thank you very much.

Bill C-29 is a very good bill for farmers. That's one of the reasons we tabled it. There was good debate on it yesterday. Certainly I listened closely to my colleagues when they spoke in the House on this bill. Every party supports this bill, Chair, and I can understand why. We're talking about making more money available to farmers, and particularly young farmers. This is a concern, of course, to farmers. It's the future of farming. Will the younger generation buy into farming, especially family farms? There's a lot of money tied up in this.

So this bill is meant to make more financing available, particularly for young farmers. What I'd like to ask my colleagues, Chair, is if we can move this through quickly. I see great importance in having this bill back to the chamber, passed, and through the Senate before we break for the summer. Why should we make farmers wait? This is a good bill, nothing but good news in it. Farmers have asked for this. It's now being delivered, and I think this is a great opportunity for all of us in our respective parties to work together for the benefit of our farmers.

I would like to put the question on the table. Can we move this through all stages quickly so that our farmers benefit from this?

I think that would cover your first question, about how we should deal with this at committee. It should be top priority for committee. This is legislation. It should be a top priority so we can get it back to the House. And I ask my colleagues, when it gets back to the House, can we move it through the process quickly so farmers benefit?

The Vice-Chair (Hon. Mark Eyking): So you want it soon and quick.

Mr. Easter.

Hon. Wayne Easter: I said in my remarks in the House, Mr. Chair, that we were willing to see this bill go through all stages without even coming to committee.

The bill is needed. It increases availability to credit, especially for beginning farmers, which wasn't in the bill before. And it increases the amount, so it's important in terms of inter-generational transfers.

I would underline the fact, though, as I said in the House, that the bill goes right to the government's record of something they seem to be good at doing, which is increasing the debt of the farm community while not dealing with the income issues. But having said that, it's important that the bill get through rapidly. And because I believe one party wouldn't agree to see it through the House at all stages, I would suggest that we need to then give it a priority at committee. I think the process is that legislation is usually given a priority. And could we get it through committee the first week we're back? Because it has to go through the House and go through the Senate, and it really should be operational for the farm community before we adjourn, so it's important we give it rapid passage.

I do want to say one thing on the parliamentary secretary's comments. Why should we make farmers wait? If there are some opposition parties that want to debate it further, it can't be blamed on them, because the government had lots of time to come forward with this legislation earlier. But the Liberal Party is willing to see it go through all stages quickly, because we think it's needed.

• (1110)

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

Is there any more comment from the NDP or the Bloc, or can we move on?

Mr. Alex Atamanenko: I think we should just bring it here after the break and get on with it and get it done.

The Vice-Chair (Hon. Mark Eyking): Mr. Bellavance, are you okay with that?

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): I do not object to proceeding quickly and moving forward with the bill.

[English]

Mr. Pierre Lemieux: Chair, just to pursue this, Mr. Easter commented that there's another party that would want to debate this further. Again, I'm hearing from my colleagues, and I'm not—

The Vice-Chair (Hon. Mark Eyking): There doesn't seem to be, so—

Mr. Pierre Lemieux: No, there doesn't seem to be, so why don't we just move this along quickly and get it back to the House? And I would ask my colleagues as well if we can get this through the House quickly.

The Vice-Chair (Hon. Mark Eyking): Yes, I think so.

Mr. Shipley, do you have something?

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Listening to that positive response, since this is Tuesday, I'm wondering if there would be an opportunity to have it on Thursday so that we would actually have it back into the House shortly. If we could see it that way, then it would be back into the House right after we come back from the break, rather than waiting for the break and then dealing with it, Alex. We can have that discussion later, but I think that would be beneficial. There seems to be a positive attitude towards that.

The Vice-Chair (Hon. Mark Eyking): Just as notification, we have the Wheat Board coming Thursday, so they might be lined up

to come here, but we would have to get agreement from everybody to go on Thursday; if not, we should wait until next week.

Mr. Bev Shipley: How long is the Wheat Board on for? I'm just listening to the response, so I'm thinking this isn't going to take a lot of time. That was all, but I may be mistaken. It's not to cut them out.

The Vice-Chair (Hon. Mark Eyking): Mr. Atamanenko.

Mr. Alex Atamanenko: Mr. Chair, there are other groups presenting in addition to the Wheat Board, and they're probably lining up and getting their travel arrangements ready, so it probably wouldn't be fair to say right now that we can't have them.

Hon. Wayne Easter: Could I add, Mr. Chair, that if necessary.... I know we have subcommittees on Wednesday nights, which is a problem. I don't mind, and if the other parties agree, we could even set a special evening or a special committee meeting to deal with it. We really need to get it done, if not this week, then the first week back, because time is going to get away on us on this one, there's no question about that.

The Vice-Chair (Hon. Mark Eyking): Let's suggest that maybe we keep the speakers we have for Thursday, but maybe we'll look at a Wednesday night meeting on this.

Mr. Lemieux.

Mr. Pierre Lemieux: Chair, how long is the Wheat Board here for on Thursday?

The Vice-Chair (Hon. Mark Eyking): Well, there's more than the Wheat Board. There is the B.C. Grain Producers Association, and there is Grain Vision. It's a pretty full slate. It's up to the will of the committee, but I think we should stick to that.

Mr. Pierre Lemieux: Whether it takes an additional meeting or.... Could we block off some time for business either at the beginning or at the end of that meeting to get this bill through committee?

• (1115)

The Vice-Chair (Hon. Mark Eyking): We might look at Wednesday evening. Does anybody have a meeting then?

Mr. Pierre Lemieux: It's always hard to set up an additional meeting, just because of our schedules. That's why I'm recommending that we take some of Thursday's meeting for business. If people have had the opportunity to study the bill, and if it's not going to take long to get it through committee, then let's block off 20 minutes or half an hour at the end of our next meeting to deal with the bill. Then we don't have to get into questions about some of us being able to get to this additional meeting and others having other commitments.

It would be nice to have an intact committee look at this bill and pass it as a committee. We're all here every time.

The Vice-Chair (Hon. Mark Eyking): Well, if we have time Thursday, then.... But I think there's a sense too that these people are coming from all across Canada to be here Thursday and that we should hear them. Then, if there's time, we can start into this bill.

Are you saying that Wednesday night is not a good time for you guys?

Hon. Wayne Easter: We have subcommittee.

Mr. Pierre Lemieux: The subcommittee meeting is Wednesday night.

The Vice-Chair (Hon. Mark Eyking): Okay.

Mr. Alex Atamanenko: What would happen if we blocked another hour after the meeting on Thursday, just in case we need that full hour? This would give people time to get a substitute, if members can't come. At least we would have that hour, if we can get the room, and could just do it. This would give our witnesses time to appear, because they're making preparations, and then we'd have another hour, if we need that full hour, to deal with this bill.

The Vice-Chair (Hon. Mark Eyking): Mr. Bellavance, are you okay?

[*Translation*]

Mr. André Bellavance: As Pierre said, if we start adding too many things—We must not forget that there is the sub-committee studying listeriosis and that the subject of the committee of the whole on Thursday evening is agriculture. I will certainly be there; I will not be able to study a bill.

It is Tuesday today. Is it too late to cancel Thursday's witnesses so that we could study Bill C-29 and have the witnesses come on Tuesday? No. I had forgotten that next week is a constituency week. At any rate, we will continue examining competitiveness until June. We could split the session into two parts: one hour for the bill—because 20 to 30 minutes is rather short—and one hour to hear witnesses.

[*English*]

The Vice-Chair (Hon. Mark Eyking): Okay, that's in agreement with the NDP position.

Mr. Lemieux.

Mr. Pierre Lemieux: I was just going to say, Chair, that if actual farmers are coming here on Thursday, just from looking at the weather we are having and that we've had, they may appreciate a deferral until after our break, because they're busy sowing their fields. We might actually do two good things here: we tackle the legislation on Thursday and we keep farmers in their fields until after the break. That might be very much appreciated.

The Vice-Chair (Hon. Mark Eyking): I wasn't going to go to more than 15 minutes with our other business here, but I think we have a bit of an agreement: that we keep the speakers, we go an extra hour, and get right into the bill.

Is that an agreeable compromise here?

Some hon. members: Agreed.

The Vice-Chair (Hon. Mark Eyking): Let's move on, then. We'll do that Thursday; the clerk will deal with it. Let's get back to what we started with, the study on competitiveness.

We have the University of Saskatchewan, the University of Lethbridge, the George Morris Centre, and the Canadian Association of Petroleum Producers here today.

Perhaps we'll start off with Brian Fowler. You have ten minutes.

Dr. Brian Fowler (Professor, Department of Plant Sciences, University of Saskatchewan): In the interest of saving time, I will stick closely to my speaking notes. First, I would like to thank you for the opportunity to address this committee. In the time I have today, I will restrict my comments to a consideration of the

competitiveness of Canadian agriculture as it relates to promoting innovation and wheat-breeding programs and market development in western Canada.

By way of introduction, I'm a professor in the Department of Plant Science at the University of Saskatchewan, with a long-term interest in a Saskatchewan farm. I've been involved in the wheat industry in the Canadian Prairies for my entire life and have spent most of the last 40 years on winter wheat development or related issues.

Since 1991, my breeding program has released 12 winter wheat cultivars that have occupied as much as 95% of the winter wheat acreage in western Canada. They've been grown extensively from Minnesota to Washington, in the U.S.A.. I have coordinated the central hard red winter wheat cooperative tests for the Prairie Grain Development Committee since their inception. This involvement has provided me with a unique vantage point from which to view and compare the practical operation of the western Canadian plant-breeding and market development programs.

In 2006, I made a presentation to the Standing Committee on Agriculture and Agri-Food, during its review of the Canada Grain Act and the Canadian Grain Commission, on the problems associated with the use of kernel visual distinguishability in the Canadian wheat quality assurance program. The KVD requirements were removed in 2008. Although the debate still rages, I believe it has been clearly established that KVD acted only as a quality assurance placebo for a stagnant marketing system that was designed to handle Canadian western red spring and amber durum wheat. KVD restrictions acted to freeze the western Canadian wheat marketplace in the 1940s and severely limited the production opportunities for quality types other than red spring and durum. The elimination of KVD requirements now allows for the evolution of a much more fluid wheat marketplace, based on eligibility declarations that provide for an immediate assessment of potential market opportunities.

The western Canadian wheat cultivar improvement and marketing system is unique in the world and has been widely criticized for suppressing rather than promoting innovation. There are two major wheat markets: Canadian western red spring and amber durum. These two classes accounted for 88.3% of western Canadian acreage, and they have an international reputation for high quality.

The Canadian Wheat Board quality control system has four key elements listed on its website that set it apart from the competitors' systems. Two of these elements actively discourage innovation. Before a variety can be registered into a milling class, it must match the functional requirements of reference varieties in all aspects of quality, and uniformity is assured through the registration system, under which strict quality requirements result in very few market varieties being introduced.

Having two major wheat classes, a limited number of varieties, strict grading standards, and regional blending ensures uniformity at export. Shipments are strong selling points in an industrial wheat market in which assembly-line milling and baking procedures are used. The requirement that new variety releases in each milling class must match the functional performance of reference varieties is added protection against change creeping into the western Canadian wheat production and marketing system.

This rigid photocopy approach to wheat quality may serve well in the major export markets, but it has acted to suppress innovation and prevent the exploration and development of niche markets that are characteristic of a mature marketplace. As a consequence, the six remaining classes only share 11.7% of the acreage, which relegates them to little more than niche market status.

The western Canadian wheat registration system is rigidly controlled by the Prairie Grain Development Committee, cooperative testing and registration procedures, and evaluation teams. There are three evaluation teams that determine which wheat cultivars farmers can grow in western Canada. The quality evaluation team is made up of representatives of the milling industry, the Canadian Wheat Board, the Canadian Grain Commission, and others. It's the Canadian Wheat Board that ultimately determines the market targets. The grain quality evaluation team only determines whether the lines under consideration match the functional requirement of reference varieties for the target wheat class. Only wheat lines that successfully pass through this registration system may be offered for sale in western Canada. This restricted view of the wheat marketplace actively discourages innovation, resulting in lost opportunities and limited competitiveness.

The Canadian Food Inspection Agency has recognized the limitation of the Canadian registration system. In an impact analysis statement that was published in the June 2008 *Canada Gazette*, they identified the following issue:

The current variety registration system lacks sufficient flexibility to address the specific needs of different crop sectors in a rapidly changing agricultural environment. In some cases, the system imposes a disproportionate regulatory burden on developers of new crop varieties and creates impediments to innovation and to the timely availability of new varieties.

● (1120)

I would now like to turn to a real-life example. The winter wheat experience that I have had in the last number of years is a perfect example of how innovation has been frustrated and suppressed. Southern Alberta accounted for nearly 98% of winter wheat produced in western Canada before 1975. This production was disposed of on the domestic market and in foreign aid programs, and many farmers still had their winter wheat in storage almost two years after it had been seeded at that particular time.

In 1972, the Crop Development Centre at the University of Saskatchewan initiated a program to expand the traditional winter wheat production area north and to the east in Saskatchewan and Manitoba. In the years immediately following 1977, there was essentially only one cultivar, which was tall, prone to lodging, and susceptible to rust. In 1991, the medium-tall, lodging-resistant, semi-dwarf cultivar CDC Kestrel was released. Once increased yield potential was combined with the management practices that were developed, farmers in higher moisture areas of the eastern Prairies

were able to increase yield targets from 45 to 50 bushels per acre to 60 to 90 bushels per acre, and the true potential of winter wheat started to be recognized.

However, this dramatic yield increase was accompanied by decrease in grain protein concentration, which came as no surprise, as the initial assessment of potential quality classes for the extended prairie production area indicated that high protein concentration was the only genetic and/or environmental barrier to the production of winter wheat cultivars suitable for all market classes. Unfortunately for winter wheat, the Canadian Wheat Board specializes in selling into high protein concentration markets, and it made attempts on two separate occasions to have CDC Kestrel deregistered.

A number of highly adapted winter wheat cultivars that once again did not meet Canadian Wheat Board standards followed CDC Kestrel as new releases in the 1990s. In spite of their lack of favour, these cultivars were widely accepted by farmers and, according to Canadian Wheat Board surveys, accounted for more than 95% of western Canadian winter wheat acreage in 1999 and 2000. In the nine-year period from 1999 to 2007, the average commercial yield of winter wheat was 150%, 127%, and 120% of spring wheat in Manitoba, Saskatchewan, and Alberta respectively.

Winter wheat production grew to 1.5 million acres planted in 2007 and is now western Canada's third-largest class, with 6.6% of the total acreage. This major winter wheat expansion was achieved primarily through the production of non-select cultivars and the development of feed and fuel markets that happened more by accident than by design.

In 2001, the Canadian Wheat Board initiated market development work on varieties of winter wheat with superior milling and baking qualities. The class was divided into select and non-select cultivars in 2004. The non-select cultivars continue to dominate production in the western prairies and domestic millers continued to purchase them and utilize them, especially when the protein concentration is above 11%.

Another change came in 2007, when the Canada western general purpose class was created to accommodate new wheat lines for use in ethanol production and specialized animal feed. However, its creation also removed the non-select cultivar option from the food market. As a result, winter wheat cultivar registration is now limited to feed/industrial use and a single low return select option that is restricted by grain quality standards that are a photocopy of the class reference cultivar.

Additional opportunities exist in food, feed, industrial, and other markets, and the innovation that created the recent winter wheat success must continue to be encouraged. I'll give you just a few examples here.

Over 60% of the wheat trade in the world each year is winter wheat. It's used to produce a large variety of food and includes many kinds and types of breads, cakes, noodles, crackers, breakfast foods, biscuits, cookies, and confectionery items. The list goes on.

Quebec-based *Première Moisson* is one example of the successes that can be achieved in these so-called niche markets. Their research and development efforts include a systematic search of new blends of cultivar and crop management specific quality attributes to better supply ever-expanding markets.

• (1125)

The Vice-Chair (Hon. Mark Eyking): Mr. Fowler, I'm sorry to interrupt, but we have a problem with the translation.

[Translation]

Mr. André Bellavance: Perhaps you are speaking a little too quickly.

[English]

Dr. Brian Fowler: I thought so. I'm trying to get through it in ten minutes. And I'm a university professor, so I can go fast.... You want it slower, do you?

The Vice-Chair (Hon. Mark Eyking): Just slow down a bit. That's all.

An hon. member: Slow down, you're moving too fast—

Dr. Brian Fowler: You have to give me an extra two minutes, then.

The Vice-Chair (Hon. Mark Eyking): You have one minute left, Mr. Fowler.

Dr. Brian Fowler: Then you're not going to get to my solutions.

The Vice-Chair (Hon. Mark Eyking): Well, go right to your solutions.

Dr. Brian Fowler: Okay, I'll go to my solutions.

I think it's important we understand that there are options out there and there are living examples. The one in Quebec right now is a perfect example. It's also important to understand that these options are being utilized outside of this country. The winter wheat is a perfect example, in that varieties that are produced in western Canada from my program are being grown in the U.S.A. They are from the general purpose class, which means American farmers can grow them and they can be marketed back into Canada as flour and feed, but we do not allow our farmers the opportunity to grow these varieties. It's the same thing with flour that's being imported from France and the United States. Those varieties could not be grown in western Canada, so we're allowing farmers from outside this country access to our market that we do not allow our own farmers. If you go through the brief, you'll find a number of examples of this.

I'll go to my recommendations.

The Canadian Wheat Board should continue to market all classes of wheat, but its monopoly should be restricted to the Canadian western red spring and amber durum. These two classes account for nearly 90% of western Canadian wheat production and are the focus of Canadian Wheat Board marketing efforts.

The Canadian Wheat Board has shown no interest in market development of the different cultivar quality types within the Canadian and western general purpose wheat class. The Canadian Wheat Board monopoly should not be allowed to prevent others from actively operating in markets where the Canadian Wheat Board has no interest. For this reason, it is recommended that the federal government make immediate use of its power to grant Governor in Council licences to encourage market exploration and provide the opportunity to expand the markets for wheat produced in western Canada. This action would provide farmers in the Canadian Wheat Board area of western Canada the same competitive access to both Canadian and international markets as is currently available to farmers outside the country—also in eastern Canada.

We need to continue to encourage innovation. The recent attempts to create a more flexible wheat cultivar system that CFIA has started need to be encouraged.

Finally, the elimination of KVD requirements and the use of variety eligibility declarations now allows for greater flexibility and the development of a more fluid marketplace. The present dog-in-the-manger approach that restricts market access must be abandoned. Instead, our objective should be to develop and release cultivars with the special quality attributes that create as many food product and other market opportunities as possible so that ever-changing market opportunities can be quickly and accurately assessed on a continuing basis.

I wasn't able to get through all the examples—they're in the brief—but I would hope committee members take a close look at this. We have a situation in western Canada right now that is a sort of country-of-origin labelling problem in reverse.

• (1130)

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

Everybody has a brief here, but I have to tell the witnesses to keep it under ten minutes, and you have to think about the translators. They're trying to translate this, and if you get too far ahead of them, it doesn't come through right. Keep your time and try to keep your pace so that the translators can keep up.

Thank you very much.

Mr. Pryce.

Mr. David Pryce (Vice-President, Western Canada Operations, Canadian Association of Petroleum Producers): Mr. Chairman, honourable members, I want to thank you for the invitation to meet with you on the subject of competitiveness of the sector.

First, just a bit about my organization. The Canadian Association of Petroleum Producers is a trade organization. We have 130 producer-members that produce various hydrocarbon products, from natural gas, to crude oil, to bitumen and sulphur. Our members produce more than 90% of Canada's hydrocarbon products. We also have about 150 associate members that provide the ancillary services to the upstream industry. It's important to understand that we are representing the upstream industry. We don't represent the downstream, the marketing and refining, and the large-pipe transmission. There are other associations that do that business.

In 2009 the upstream industry will invest approximately \$34 billion. While this is down from the \$50 billion of each of the previous two years, we still remain a significant part of the Canadian economy. Of note, some \$22 billion is spent on the conventional oil and gas business, drilling about 12,000 wells this year. Also of note, we employ about 500,000 people across Canada.

I think these facts are indeed relevant in considering the economic success of portions of the agricultural sector. Much of the conventional oil and gas business occurs in agricultural areas across Canada. Historically, seasonal skilled and unskilled labour is drawn heavily from the rural communities. Permanent jobs are also often filled by farm family members. The work involved ranges from drilling rig and geophysical hands, to truck drivers, to construction workers such as welders, to facility operators and engineers and area superintendents.

Further, business arrangements with landowners related to surface access result in rental agreements that provide annual cash payments for that access. In some cases, rural landowners own the subsurface mineral rights and rely on our sector to develop those resources on their behalf, again contributing to revenues to the rural communities. This all serves to augment farm incomes that can be used to support the farming business.

There are several other key interface areas between our two sectors. Perhaps the most obvious is the fact that the upstream oil and gas industry is a supplier of the raw hydrocarbon products that become the fuel source for the agricultural sector. Policy and regulatory measures that support a competitive upstream industry result in secure, reliable energy supply that becomes the feedstock for those fuels.

One area of overlap or commonality is the potential for both sectors to be contributors to the global energy mix. Notwithstanding today's market downturn, the global energy demand is forecast to increase dramatically as countries such as China and India continue to expand their economies. While traditional oil and gas hydrocarbons will continue to be a dominant supplier of that energy into the foreseeable future, renewable energy and biofuels in particular can play a growing role. Of course it will be important that such fuels are able to compete in a market economy. In other words, it's important to let the market dictate the nature of the energy mix by ensuring policies are in place and are equitably applied.

As well, as Canada and North America look to define the rules for managing carbon emissions, biofuels will be successful if their emissions are understood and managed on a life-cycle basis. And that's not to say we should pick winners or losers based on a biofuel-type emission profile. Rather, we need to ensure that any fuel type has the same opportunity to compete within a common policy and regulatory environment.

On the matter of climate change, the agricultural sector has the potential to be an important carbon sink. Policies need to recognize this opportunity and encourage farming practices that result in sequestration of carbon. More specifically, if there is a cost barrier to farmers it needs to be addressed to make this a viable option. That might entail things like a farming tax treatment or an exchange of cash for credits, or some combination of these or other ideas. While some of this has been going on, I think we need to make sure that the

mechanisms are in place to allow that to be performed more broadly across Canada to ensure the opportunity is realized. In our view, such a mechanism should be light on administration so that maximum value is realized by the participants.

• (1135)

The upstream industry has important interactions and relationships with the agricultural sector in a number of ways. I have already touched on the financial arrangements and benefits. The other areas relate to the fact that agriculture and the upstream oil and gas industries are land-based resource industries that often share the same land base, and this has the potential to result in some conflict.

Water use and water quality are sometimes raised as issues of concern on the premise that our industry competes with agriculture for a finite resource. In fact, the provincial regulatory requirements are such that industry water use is licensed only if, through testing, we can demonstrate such use will not impact other licence holders and local water users. Similarly, our industry is subject to water well testing requirements to ensure the integrity of local water supplies.

Site reclamation rules are in place prescribing restoration criteria to ensure land is restored to an equivalent land capability, and of course rental payments continue to the landowner until the province grants a reclamation certificate.

The oil and gas industry has established an orphan well program whereby industry funds and conducts restoration work on orphan sites or those sites where companies are no longer viable, thus absolving the landowner of any liability. To date, we've spent about \$100 million to eliminate those historic orphans. Regulators have agreed to conduct monthly physical health tests of each oil and gas company to ensure future orphans are minimized.

CAPP and its members participate in numerous synergy or multi-stakeholder groups designed to foster dialogue on various issues and to build relationships.

I raise all these points to indicate we are aware of and sensitive to the issues and concerns, to advise that there are rigorous provincial regulatory measures in place to control our industry's activities in these areas, and also there are voluntary initiatives to promote good-neighbour relations and to eliminate the potential for liability burdens.

In summary, there are key areas of interface between our sectors. The oil and gas industry is a source of jobs to augment farm income. The upstream oil and gas industry is a secure, reliable energy supplier to meet the agricultural sector fuel needs. Energy demand growth means all fuel types, like biofuels, can play a role in meeting that demand, but to be a sustainable source it needs to fit in and compete within the marketplace. The agricultural sector can play a significant role in carbon management as a carbon sink. And both sectors share the same land base, creating the potential for conflict; however, provincial policy and regulatory frameworks and relationship management strategies can and do help manage that conflict.

Thank you. I made it under the wire.

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

Now we're going to go to Mr. Klein, from the University of Lethbridge.

• (1140)

Dr. Kurt Klein (Professor, Department of Economics, University of Lethbridge): Thank you, Mr. Chairman.

Canadian agriculture operates in a highly competitive global environment and is a major player in international markets. Canadian agriculture and agrifood exports have almost tripled since the early 1990s, from \$10.7 billion in 1990 to \$28 billion in 2006. This represents about 4% of total world trade in agricultural products. Canadian agriculture produces way beyond domestic demand for many crops and animals. Maintaining a competitive edge in agriculture in Canada is critical to ensuring long-term economic viability of Canada's agrifood industry.

Although the Canadian agriculture and agrifood industry has continued to grow in value and importance, differing policy objectives, commodity types, farm sizes, household and farm operator types, and other factors have affected the overall competitiveness of individual farm operations and, inevitably, the competitiveness of the agricultural industry as a whole. Shifts in domestic policy, changes in regulations, new developments in agricultural technologies, and changes in international trade rules and procedures have affected the competitiveness of the Canadian agriculture and agrifood industry.

There are many examples of where changes in agricultural policies have significantly improved the competitiveness of Canadian agriculture. Removal of the subsidized transportation rates for prairie grains and oilseeds, accompanied by the end of "Crow offset" programs implemented by provincial governments, spurred growth in the red meat sectors in Canada. Prior to the BSE crisis in 2003, when exports of beef and live cattle from Canada became impossible, the Canadian industry exported about \$4 billion worth of beef products and live beef animals annually. Similarly, changes in hog marketing regulations that enabled meat packers to negotiate with individual producers in the mid-nineties spurred investments that led to an increase in sows for breeding from 1.1 million in 1996 to 1.6 million ten years later and to an increase in exports of Canadian pork from \$1.1 billion in 1998 to \$2.7 billion last year.

In addition to changes in public policies, the competitiveness of the Canadian agriculture and agrifood industry would be improved by securing improved access to foreign markets for Canadian agriculture and food products, changing some regulations so that productivity is not impeded, stimulating private and public sector investment, and increased research and innovation.

In this short presentation, I want to focus on research and innovation in the Canadian agriculture and agrifood industry. Research is the foundation for improved productivity in the agriculture and agrifood industry. Improving productivity involves producing more output, or a higher quality of output, with the same amount of resources. This drives economic growth of the industry, resulting in higher incomes and general well-being.

Numerous studies have documented the relatively high rates of return to investments in agricultural research. Two studies that I have conducted showed that public investments in wheat breeding and beef research in Canada yielded annual returns in the order of 30% or more. Several other agricultural economists in Canada have found similar high rates of return to investments in agricultural research.

Research in agriculture is fundamentally different from research in most other industries. First, agriculture is made up of many small firms that generally are too small to conduct their own research. Second, a lot of agricultural research is sequential in nature, meaning that new breakthroughs depend on research done in the past. Third, since much agricultural research is not patentable, there is little economic incentive for the private sector to invest in it. The public good nature of so much agricultural research is the main justification for governments to invest in this important activity that improves the competitiveness of Canadian agriculture.

In the early 1990s the Canadian government decided to change the way agricultural and agrifood research was funded. With the passage of the Plant Breeders' Rights Act of 1991, the government saw an opportunity to reduce its financial commitments to some types of agricultural research as the private sector became more engaged in what many plant breeding firms saw as excellent investment opportunities. Indeed, in the first ten years following passage of the Plant Breeders' Rights Act, private investment in plant breeding had increased by about three times. Several hundreds of new varieties were patented, and a high percentage of those were made available to agricultural producers.

While reducing expenditures on plant breeding research, more government funding was allocated to research to increase productivity further up the value chain, or in research that might result in quicker payoffs. However, most private sector research went into finding new cultivars of canola, soybeans, and corn, while total research funding for traditional crops like wheat and barley has declined.

• (1145)

As a result, it has been found that total research and development investment in Canadian agriculture has shown no growth at all since 1990, and the total factor productivity, which is a measure of competitiveness, in the prairie crop sector has fallen to an average of 0.51% per year over the last 15 years. This is much lower than the historic growth rate of about 2% per year.

While firms in the private sector have invested a lot of money in crop grading research, they have been constrained by issues of industry concentration and market power, freedom to operate, and downstream externalities related to human health and the environment. The lack of private incentives for research related to plant and animal health, food safety, biosecurity, the environment, and the need to maintain a reservoir of reactive capacity suggests that publicly funded research is vitally important in these areas.

It seems clear that the Canadian government should re-examine its financial commitments to agricultural research. There is very strong evidence of its contributing role to increasing the competitiveness of Canadian agriculture and agri-food historically. There's a need to consolidate the agricultural-related research being done in dozens of public institutions, including universities, provincial agencies, and the National Research Council.

While the provision of additional public funding for agricultural research would be welcome, it is important to consider the effects of existing regulations on the incentives for researchers and hence on their ability to deliver improved competitiveness to the Canadian agriculture and agrifood industry. As Dr. Fowler noted previously, I have also found in a previous study that wheat breeders in Canada seldom focus on new cultivars that have much higher yields. With a highly regulated system for licensing new cultivars, wheat breeders have had to be conscious that any new cultivar would have to be as good as or better than all the agronomic disease and quality characteristics specified by the adjudication committees that operate under the aegis of the Canadian Grain Commission.

A major impediment to the development of higher-yielding cultivars was the requirement for KVD, which now has just been dropped in August 2008. Although the KVD requirement has now been abandoned, the committee system that is used to approve the release of new cultivars in western Canada has been found to suffer serious deficiency and inhibits the development of higher-yielding cultivars, as I've outlined in previous studies. Canada's major competitors have a much more streamlined system that not only gets new cultivars into the hands of farmers much more quickly but also aligns the scientists' incentives with those of the grain producers.

I consider that improving competitiveness is the most important long-term issue for the Canadian agriculture and agrifood industry. The Government of Canada has contributed greatly to making the Canadian agrifood industry competitive. However, Canada's competitors do not stand still and Canada's industry cannot afford to fall behind. The consequence would be lower incomes for those in the Canadian industry, as well as the loss of significant levels of foreign exchange annually earned by the Canadian industry. While there are many ways of improving Canada's competitiveness in the industry, research and innovation stands out as fundamental. The Canadian government should re-examine its historic role in this activity.

Thank you.

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

Now we go to the George Morris Centre, with Mr. Martin as the final speaker.

Mr. Larry Martin (Senior Fellow, George Morris Centre): Thank you, Mr. Chairman.

Thank you, honourable members, for the opportunity to be here today.

I want to start with two statements. One is that I work all over Canada with farmers and input suppliers through processors and so forth, and I've come to the conclusion over the last number of years that in the market that I think is opening up for us in the future, Canadian agriculture and agrifood has the ability, the resources, and the people to lead the world in innovation and prosperity.

The second statement is that I got the opportunity back in the late 1980s and 1990s to lead the competitiveness task force and council under two federal governments, and one of the things we did was to try to define the word "competitiveness". We came to the conclusion that an appropriate definition is that competitiveness is the sustainability to profitably gain or maintain market share. You've heard two or three people talk about the fact that we're losing market share in a couple of areas already. If we look across all of the data, we are generally losing market share in Canada despite the resources, people, and ability that we have. This definition is measurable. We've been working for some time to show competitiveness in the food processing industry.

Today, I have some data trying to get at it to a certain extent in farming. In the food industry labour productivity in Canada measured as value added per dollar of wage expenditure lags the U.S., and the lag is getting worse. Essentially, in the U.S. the food industry in general has about \$5 of value-added generated per dollar of labour, and in Canada we're at about \$3. If you decompose the data on the food industry in general into specifics, it's the same for almost every industry in Canada as well as for manufacturing in general in Canada. This has made worse and I think it adds to a second set of data that says that in the Canadian food industry in seven of the last nine years we have had investment that is less than depreciation. In other words, our food industry capital base is declining. In that same period of time, the worst year for the U.S. is 1.2. That is, in the worst year they invested 20% more than the depreciation in their food industry. What this means is that we are not getting innovation. I talk about labour productivity, but really this is about investment in capital, because almost all investment in capital increases labour productivity. We are simply not getting new investment. That drives up costs in Canada relative to our competitors. It drives down the ability of our processors to be able to buy products from farmers in Canada and so forth.

If I look at the primary agriculture component, we've got two measures that we're talking about today. Actually, this is the first time we've talked about this publicly. We've tried to look at the relative competitiveness of farms in Canada, and that's relative to farms of similar sizes and types in the U.S. We're using very large databases to do this. We're measuring two variables in the information that I want to talk about today. The first is earnings before interest, taxes, and depreciation—EBITD, as it's often referred to in the vernacular—as a ratio of operating income. That tells you what percentage of operating income—this is total farm income—is cash before paying interest, depreciation, taxes, and so forth. The second one is earnings before interest, taxes, depreciation, and amortization as a percentage of assets. This is an attempt to get at a rough measure of return on capital.

The data we have generated.... This is done over a number of years, and we've shown it by industry type and farm sizes from \$250,000 to \$500,000 in gross farm income, \$500,000 to \$1 million, and \$1 million and up. The result we get is that grain and oilseed farms in general in the U.S. led on both measures. In the last couple of years of the data Canada caught up a bit, but in general the U.S. has led.

• (1150)

In beef farms, the U.S. has led on the first measure—that is, earnings as a percentage of sales in general—and on the second measure for smaller farms, but Canada led on larger farms. For hogs, the U.S. leads on both measures—that is, the U.S. is in fact far in excess of Canada on both measures.

Interestingly, on dairy, Canada led on small and medium farms for the first measure—that is, the earnings as a percentage of total revenue—but Canadian farms above \$1 million in sales led on the second measure, and the U.S. in fact had higher returns against the total assets than did Canadian farms.

So there's some really worrying data in there that suggest we're kind of lagging behind the U.S. in those measures, pretty much across the board.

There are some other data that I would say are more anecdotal. The two previous speakers both referred to wheat; I keep looking at barley. I happen to have data on Alberta, but it doesn't matter whether you use Alberta, Saskatchewan, or Manitoba; you get the same result. U.S. corn yields from 1985 to 2007 increased from 2.75 tonnes per hectare to 4.35 tonnes per hectare. During the same period of time, Alberta barley yields rose from 1.2 tonnes per hectare to 1.4 tonnes per hectare—in other words, it hardly changed. You have to look closely to see the trend line on the barley graph.

That's an important piece of information, I think, because it not only affects the grain industry but it has major implications for the livestock industry down the road. Obviously, in the grain industry, if you actually look at data from Brazil and Argentina, you'll see the same kind of trend the U.S. has. That means their costs can go down, their per unit can go down because their yields are going up, even if input prices rise—or they can stay the same—whereas for Canadian farmers, who are stuck with a flat yield trend, as input prices rise it means their costs are going up. It has huge implications down the road for livestock producers, because, as Kurt said, one of the reasons we expanded livestock production in western Canada is that we had a huge feed grain base. If that feed grain base doesn't continue to grow, we lose cost competitiveness on livestock really quickly, and I think that's part of the reason we're now having trouble with the hog sector, which I talked about before.

Another anecdotal piece—and I don't have data in my notes about the horticulture industry—is that we just did a study for a group in Ontario that suggested Ontario's tree fruit industry is losing market share in Ontario relative to its U.S. and Chilean competitors. There are all sorts of very interesting reasons for that.

What is in the way? What's causing us to be less competitive over time? I think there are many things, but since I only have ten minutes, I'm going to focus on three.

One of the most difficult problems we face in Canada, and both of these fellows have talked about it, is the regulatory system. We released a study last Tuesday here in Ottawa, sponsored by the FCPC—whatever that stands for—that did an analysis of the food regulatory aspects of Health Canada. We did 12 case studies, and the very quick summary is that those 12 case studies say that Canadian processors and farmers, because of the opportunities they lost, lost about \$400 million that could have been available to them.

We simply are slow and we are not tough. We make decisions very, very slowly on the same basis as everybody else, but everybody else gets the product registered. There are so many examples of new innovative products that are developed in Canada, but they can't be used in Canada because they can't be registered in Canada, so they go to the U.S. and the U.S. gets the economic benefit from them.

That's the same example or the same conclusion we've come to when we look at PMRA, which is the regulatory body in Health Canada that is supposed to register new health products, and the veterinary drug directorate for livestock health products. We've done the same studies as Kurt has on the CFIA and the grain industry. We get the same results back as he does.

• (1155)

In addition, we have very poor value chain management. And for much of the industry, because we are so export-oriented, one of the biggest problems we face is lack of market access. The beef and pork industry faces roughly 70% tariffs in trying to export into the rest of the world, not to mention a number of non-tariff barriers.

What to do about it? I have five suggestions.

First, reform the regulatory system. Make it tough but fast, and orient it toward encouraging our competitiveness, as well as giving us proper protection.

Second, invest heavily in research and development.

Third, invest heavily in training.

Fourth, enhance international market access.

Fifth, reform tax policy to encourage new investment at both the farm and the food-processing levels, which we've done a fair amount of already in the last two or three years, at least at the federal level.

Thank you.

•(1200)

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

That's it for our witnesses.

Mr. Valeriote.

Mr. Francis Valeriote (Guelph, Lib.): Thank you, gentlemen, for taking time out of your busy schedules to come up to Ottawa to appear before the committee.

Mr. Pryce, as an associate member of the industry committee, I had the opportunity last week to be engaged in a witness examination of people from your industry, the petroleum producers industry. I also had the opportunity, in our environmental caucus, in our party, of having discussions with people from your industry. One of the themes that emerged was the lack of clarity, purpose, regulations, or intentionality with respect to dealing with greenhouse gas emissions. That lack of intentionality and purpose mirrors a lack of intentionality from the federal government. With no clear guidelines for your industry to follow or be guided by, it's impossible to forecast what's coming.

Can tell us what impact this is having on competitiveness in your industry? Is it having any other impacts?

Mr. David Pryce: Certainty is key to informing investment decisions. Any uncertainty that exists out there creates a big challenge for the industry. We're starting to see things gel, with respect to where the regulatory environment and the policy environment are going. We're encouraged by that. Canada is needing to move. The provinces indeed are moving. Alberta has its rules in place. B.C., up to today, has its rules in place. A lot of it hinges on where the U.S. is going to go in the next while.

We are seeking clarity. But there are many players involved, and we recognize that it's going to take some time. The fact that a price on carbon has been placed in Alberta and B.C. is helpful. Understanding where that price is going to go in the future, and the tools or the mechanisms used to apply that price, is the next stage in where we need to go.

So there's a great deal of uncertainty. It makes it difficult for us to predict. The uncertainty exists in the investment community too, so it's not only our business and our people. We need to defend where the policy and regulatory environment is going when we go out to seek capital for our investments.

Mr. Francis Valeriote: Mr. Klein, you said that the federal government needs to re-examine its financial commitments to research with respect to its \$148-million cuts to SSHRC, NSERC, and others. This is a concern for many of us around this table, at least on this side of it. Could you give us examples of cuts to research or the lack of meaningful funding for research?

I come from Guelph. The Ontario Agricultural College is there, and I have heard expressions of concern similar to yours from many people at that university.

Could you be more specific?

Dr. Kurt Klein: I didn't prepare a shopping list to come here today, but there certainly are many. I think that many of the

traditional areas of agricultural research have been neglected in recent years as there has been more of a dependence placed on the private sector to undertake this kind of research.

So an awful lot of agronomic types of research, certainly on the commodities that are not easily patentable, like the wheats and the barleys, have been cut back. The scientists in the federal government, the Agriculture and Agri-Food Canada scientists, have been placed under an awful lot of pressure to try to raise their own research funding from generally provincial programs that are tied very closely to applied types of research. They want immediate payoffs. So on a lot of the more basic types of research that have led to our increases in competitiveness in the past, we've seen a big slowdown.

There has been a trend going towards huge projects that may have some benefit in, for example, bioplastics, but a neglect, I think, of the traditional kinds of public-good types of research that we have seen, that we need. I think there's a whole list of these, but really just overall, funding needs to be increased.

•(1205)

Mr. Francis Valeriote: Could you or others talk to me about biofuels? I know that currently the state of the circumstances of biofuels is a reliance, to a large degree, on food agricultural products as opposed to non-food agricultural products. I'm wondering if any of you could comment on research that's being conducted on second-generation biofuels and the extent to which we can rely on the commercial mass production of biofuels using non-food agricultural products.

Dr. Kurt Klein: Last year I gave testimony to the environment committee here at the House of Commons on that topic. I've written quite a lot on the biofuels. Without going into a lot of detail, it has been my judgment that the second generation of biofuels is quite a considerable distance away, and it's unlikely to be proven commercial in my lifetime, I would say. It's at least a long way away.

There has been a lot of research going into it, and certainly we can do it. It's feasible, but it's just terribly expensive.

Mr. Francis Valeriote: I understood things like switchgrass and other sources were plentiful and useful. Why would it be so far off?

Dr. Kurt Klein: There are a number of problems with using switchgrass or any of these other cellulosic materials. The main problems relate to the handling, the storing, the transportation, the logistics of getting a huge volume through the system. We live in a country where we have one growing season per year, a relatively short growing season.

So there are a lot of things that stack up against the economics of it. In a small plant it can work, and there are some examples. It will be working in the U.S. However, to do it commercially is pretty difficult. Certainly in a big plant it seems very unlikely that it would actually make much of a difference to the amount of ethanol produced.

The Vice-Chair (Hon. Mark Eyking): Okay, Mr. Klein, thank you very much.

Time is up for the Liberals and we'll go to the Bloc now, with Mr. Bellavance.

[Translation]

Mr. André Bellavance: Thank you.

Mr. Martin, you mentioned some interesting statistics. You made some comparisons between the United States and Canada in a number of sectors. Is this information available on your centre's web site? It seemed very interesting. You talked about the statistics but would it be possible to have a look at them?

[English]

Mr. Larry Martin: We do have a website, but the reason you don't have it right now is we just did these data, and I actually finished putting my comments together this morning at 6:30. I've been travelling every day for the last two weeks, so I haven't been able to get to it more quickly.

I asked the clerk if I could send back the data as a brief, and she said yes. So I will make sure you have it.

[Translation]

Mr. André Bellavance: That would be appreciated.

In your conclusion, you spoke about five important points that the government should consider in order to improve competitiveness. Professor Klein just spoke about research and development prompted by questions from Francis. You do not mention any measure that directly affects farmers, for example income support. In your opinion is this support outdated?

According to the witnesses, it is very clear that Canada will never be able to provide the same subsidies given by the U.S. or the European Union. Our society has to choose. We support our agriculture sector because we want to continue having home-grown food. That may cost us as little as possible; however, it might be that, as a society, part of our taxes are used to help these agricultural producers if necessary.

We have to support maintaining our collective marketing tools such as supply management and the Canadian Wheat Board. I know this is a sensitive subject but these elements should be part of the equation when talking about competitiveness.

I agree with the five important points you presented and that we must follow up. Do you have other concerns?

• (1210)

[English]

Mr. Larry Martin: It's interesting. I chose to use those five because I just got those five things from a group of farmers across the country I teach a management course to. I've taught it to them for the last two years or I've been involved in teaching it. The 27 farmers are outstanding farmers, including some of the outstanding young farmers of Canada. They came up with five comments on income support.

First, they would really like not to take it, or have to have it, if they could get to a point where they could have fair rules around the

world. This is why they put the emphasis on gaining market access and so forth.

Secondly, if they have to have it, there are some things they would like to have done. They talked about fairness. A number of people in that group were concerned about the fact that they might undertake something in good faith and their neighbours don't. The example that someone used is they get subsidized crop insurance, they decide to pay their share of it, and their neighbour doesn't. Then the neighbour gets the one-off payment that goes on top of crop insurance, and they do too. They'll probably claw back their crop insurance payment. They're saying they'd like way more fairness and responsibility placed on producers if they're going to take income insurance, but they would like not to if they possibly could, which is why I chose to leave it off the list.

I've taken groups through this process from right across the country for the last five years, and they almost never say anything about subsidies being in the policy program. They always say these things I just talked about.

[Translation]

Mr. André Bellavance: In an ideal world, we would not need subsidies and income support. However, we do not live in an ideal world. There is a crisis in the hog sector. There was another crisis after the discovery of mad cow disease a few years ago. Such events are beyond the control of our producers. However, as legislators, as a government, as parliamentarians, we must keep that in mind. We cannot say that it will not happen again or hope that it has been eradicated. We must not lose sight of reality.

Canada has initiated discussions with the European Union in order to enter into a free trade agreement. Given that you are a plant expert, Professor Fowler, you may have an interest in genetically modified organisms. In Europe, GMOs are prohibited; in Canada, they are not. With regard to competitiveness, in these free trade talks will we have difficulty introducing some of our products on European markets without some alignment or harmonization? I do not believe we will be able to convince them to open their markets to GMOs.

What can be done about this specifically in these talks. Do you have an opinion on that?

[English]

The Vice-Chair (Hon. Mark Eyking): Mr. Bellavance, you have just a half a minute left of your time.

Mr. Fowler, could you be short?

Dr. Brian Fowler: Well, as you know, this is a very complex issue. The question of GMOs goes beyond the biological significance of being able to move genes from one species to another, but goes into the political area. You people are much more adept, I think, at dealing with the politics than I am.

I could give you a whole list of pros and cons. I am leader of a very large Genome Canada project right now that is dealing with these issues, and I'd certainly be glad to discuss it with you, because I think the science offers an awful lot of opportunities. It's the application of the science that tends to get us into these questions. As I said, they tend to be more political than scientific.

• (1215)

The Vice-Chair (Hon. Mark Eyking): Fair enough, Mr. Fowler.

We're going to go to the NDP now. Mr. Atamanenko, for seven minutes.

Mr. Alex Atamanenko: Thank you very much, gentlemen, for being here.

When we talk about exports and access to markets, all of that is tied in with our lack of competitiveness. We want to improve that.

Mr. Martin, you talked about losing market share in the food processing industry, and you gave some statistics showing the value-added ratio is five to one in the United States and three to one here. Why would it be different? Is it because of the wages? And if so, does that mean we have to pay lower wages in Canada to be competitive?

I know that in the Niagara Peninsula, the last food processor recently shut down. So how do we keep food processors alive, so they can process local food in this case? This is a problem now. These folks don't have a place to send their tree fruit, their peaches.

You talked about the tree fruit industry and losing market share. I have been quoted as saying that a lot of this is due to trade agreements. For example, under our free trade agreement and NAFTA, we used to have in-season tariffs for vegetable producers, who could make a living. Now, with our agreements, that's no longer the case.

In the apple industry, American apples are being dumped here. In the area I come from, in the southern Okanagan, many people are converting to grapes because they can't compete otherwise. And this is a result of trade agreements. Yet at the same time, we're saying that we need more agreements and more exports.

I'd like you to comment on this whole idea of market share. Are some of these agreements obstacles? We have this whole local food movement in Canada. Should we be trying not only to protect our local farmers, but also encourage them to make a living here in Canada?

Maybe I'll stop there, because I have other questions, if I have time.

Mr. Larry Martin: The answer to your first question is that issue of value added per dollar of wages has nothing to do with wages or farm prices. It has everything to do with the quality of capital we have to work with. We don't have economies of scale. We have vegetable processing plants in Canada that may have three automatic colour sorters, whereas in the U.S. they have 25. And there's quality control equipment that we're not investing in here in Canada, all of which would increase our ability to add value.

It's the value-adding component of this that we're missing out on, not the other two parts of the coefficient. We're simply falling

behind. It goes back to that business of our capital investment having been less than depreciation. So we're losing our capital base. I'm on three boards of directors. I would never allow a company to have that kind of investment performance ever, and here we have a whole sector with that investment performance.

Secondly, with respect to the issue of the loss of market share, I talk to people in California and to the apple growers in Washington, and I can find no evidence of dumping in the absolute sense that it's meant. What I find is that they are doing many things to take the best product and to separate it—to pre-condition it, to post-condition it, and to harvest it.

There is no definition of "tree ripened", by the way, at all. But there are lots of measures you can use in terms of pressure, sweetness, acidity, and so forth. And those folks down there are doing it. Most of our producers are not. They are not dumping, but are charging premiums and taking away market share because they're producing down there what some consumers want.

That's fundamentally what the problem is. It's an issue of supply chain management and of investment in technology, and so forth. I don't think it has anything to do with the trade agreement, frankly.

• (1220)

Mr. Alex Atamanenko: So you believe we should have complete open-market access even if we've lost, in British Columbia, a thousand onion producers in the last decade or so?

Mr. Larry Martin: I'm not going to make any kind of generalized statement like that, because we'd need to know the situation. I would never suggest that we give complete open-market access at all.

Mr. Alex Atamanenko: Thank you.

I'm going to switch to coalbed methane, Mr. Pryce. I just had a meeting with some folks in my area who are concerned about coalbed methane exploration. As I understand it, that's upstream, right? There was concern, and because of the exploration there's a group mobilizing against this. They've talked to a rancher in Alberta who's had her aquifer water destroyed by exploration. They're really concerned about the destruction of the aquifer and the effects of that on agriculture, because the water is taken to produce coalbed methane and there's less water there for irrigation purposes in agriculture.

I'm wondering if your organization has done any studies or if you have any research on that.

Mr. David Pryce: There are probably a number of points there. I'm familiar with some of the concerns that folks have raised in the agricultural community. Part of the challenge is understanding and confidence and trust around what goes on and what the regulations are. From our perspective—I think I mentioned it in my brief—we can't access that water unless we can demonstrate that we're not going to have an impact on it. So it requires rigorous testing of the aquifer to show that it can deliver the water needs we might have.

With coalbed methane, on the other hand, one of the issues is that in order to get the gas to produce, if the formation is water-wet you might have to remove the water in order to let the gas flow. Right now the rules are not in place to allow us to produce from water-wet CBM formations. It's a strategy that needs to be brought to bear if we're ever going to get reasonable appropriate access to that hydrocarbon resource. But right now the rules aren't in place to allow us to access that.

The Vice-Chair (Hon. Mark Eyking): Our time is up. Sorry, Mr. Atamanenko.

Mr. Brian Storseth (Westlock—St. Paul, CPC): I was wondering if you could give Mr. Pryce 30 more seconds, because this is a very important issue that's being raised. It's a public health issue that's been raised in Alberta several times.

The Vice-Chair (Hon. Mark Eyking): Go ahead, Mr. Pryce. It's up to the committee.

Mr. David Pryce: Thank you.

Obviously there is a lot of interest in Alberta and British Columbia in particular around what's going to happen with the development of this resource. Alberta Environment has spent an awful lot of time and money in scientific effort to understand whether or not there is an impact on the quality of the reservoir and whether or not there are impacts on local water wells. Their conclusions to date are that there are not impacts on that.

People will have to take that science on face value. I'm just reporting what they have said.

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

We will now go to the Conservatives for seven minutes. Mr. Hoback, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Gentlemen, thank you for taking time out of your busy schedules to be here. You're definitely providing a lot of useful information. I wish we had more time to ask the questions, because I think there's a lot more to garner from what you have to say.

I'm going to go to Mr. Fowler, and just talk about the plant breeding and some of the varieties in that area. I have a few questions, so we'll have to be fairly quick.

One of the things I want to ask you about is that there's a variety of winter wheat that a few buddies of mine were looking at down in Montana, and they said it came out of Saskatchewan and was actually one of your varieties. Can you explain how one of your varieties would end up in the U.S. but not end up in Canada?

Dr. Brian Fowler: It's registered for production. I have a number of varieties that are grown in the United States. When I first started my breeding program in winter wheat there was not any winter wheat being grown outside of southern Alberta. The U.S. was the main source of germ plasm for the breeding program, and all we're doing is returning the favour.

Climate does not change at the border. There's absolutely no way you're going to stop people from moving varieties back and forth, legally or illegally. So my philosophy has been that the best way to move these things forward is to go through the legal processes, which means the Americans are allowed to grow these varieties.

There's a second reason that I released these varieties in the United States, and that is that I was unable to move them into the milling market in Canada. The only way I could move them into any market in Canada was in the feed and fuel. They're going into the milling market in the U.S., and because they are accepted in the milling market, they can move back into Canada as food. We can't do that in western Canada.

● (1225)

Mr. Randy Hoback: Yet I understand these varieties are definitely used for milling in the States. In fact, they're exported to Canada in flour. Is that correct?

Dr. Brian Fowler: That's correct.

Mr. Randy Hoback: So you're telling me that with our system, the way we have it set up here, it's basically a disincentive for you to actually register varieties here in Canada. It's easier to get them into the States.

I notice you talked about the yield difference in the varieties, going from 50 to 75 bushels. Is that correct?

Dr. Brian Fowler: With winter wheat, because it starts off in the fall and is established in the spring, it has a big jump on spring wheat. So it takes much better advantage of the moisture that's available and has a longer growing season. Wherever winter wheat can be grown in the world, it is the first option.

We see the same advantage here. In Manitoba, if you take a look at the Statistics Canada estimates of average yield for Manitoba winter wheat, the yield is 50% higher. These are real numbers. In Saskatchewan, it's 30%. In Alberta, it's 20%. Of course, winter wheat is priced lower than spring wheat, so we have to have that yield advantage if farmers are going to grow it.

Mr. Randy Hoback: Fifty percent higher. I'll just take it back to the farm gate for my colleagues. On my farm, I think the average is about 40 bushels an acre, so 50% is another 20 bushels. Right now I think we're getting \$5 a bushel through the Wheat Board. So let's say \$4 a bushel. That's another \$80 an acre on 1,000 acres. That's another \$80,000 that would be in my pocket if I was allowed to have that variety. Is that correct?

Dr. Brian Fowler: That's why winter wheat has been expanding. Even if it goes into the feed market and you're paid less, there's a big advantage to growing winter wheat where you are able to grow it successfully.

The other point is, we talk about the United States and Canada. In Canada we have a very simple interpretation of wheat production in western Canada: you're either for the Wheat Board or you're against the Wheat Board. If you want to take it down to the next level, everybody grows hard red spring wheat and durum wheat. Well, there is a whole raft of different quality types that are grown throughout the world. This is where the problem exists in western Canada.

I go to Quebec and I see the success that some of the organic and low-pesticide groups are having in getting their product into the system. I just wish we could do that in western Canada, because we've got the same opportunity to go ahead and develop those industries. We can't because the Canadian Wheat Board has a buy-back system that allows people to go into those markets. They actively discourage those types of varieties from being available.

Mr. Randy Hoback: Again, it comes back to this big elephant in the room called the Canadian Wheat Board. That's what you're saying. Coming out of western Canada, that's one thing I hear in the farm gates, and I hear it everywhere else. It handcuffs the producer from doing so many things in his operation.

For example, in my operation, I grew all wheat last year, and I'm still carrying about 80% of my wheat because of the quotas, or the contracts haven't opened up for me to move it. Cash flow becomes a very interesting game when you're doing that.

You also talked about niche markets and the inability for us to get into these niche markets for wheat because of the licensing. There are high dollars in some of these niche markets, because that's what a niche market is.

Dr. Brian Fowler: Yes. It's not just whether wheat makes a good loaf of bread or not. In this day and age, there's an awful lot of interest in who produced the wheat and how it was produced, so there are different quality characteristics that consumers emphasize. You just have to go into some of the stores in the wealthier areas of this country and look at the products on the shelf there. Most of them are organic. Again, I keep going back to Quebec because I have some people I work very closely with there. In Saint-Hyacinthe, Pierre G  linas took me down to the grocery store there, and over a third of the space in that supermarket was designated for flour-based products.

An hon. member: Yes, locally grown.

Dr. Brian Fowler: And it wasn't just a shelf on one side that has the industrial-type bread.

I think this is where we are missing an opportunity in western Canada. I think we also need to look at that much more closely in all of Canada. We tend to look at hard red spring wheat and durum as being the only crops that we produce in this country. This takes us outside of the Canadian Wheat Board argument, that gap in between, which is not being filled. It can be filled by people outside of this country, but our farmers can't produce the products that would go into those markets.

•(1230)

The Vice-Chair (Hon. Mark Eyking): Randy, half a minute.

Mr. Randy Hoback: Mr. Martin, did you guys do a study on the barley marketing a few years back? Can you just give us a little bit of...? You had some competition stuff on that?

Mr. Larry Martin: It was a long time ago, but it was during the period when the barley market was open, as I recall. We did a study trying to show what happened to prices during that brief period of time. My recollection is that they rose relative to U.S. prices during that period of time, and then fell back when the barley went back into the Wheat Board. I believe that was the outcome.

Mr. Randy Hoback: I believe so too.

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

We'll go to Mr. Easter now for five minutes in the second round.

Hon. Wayne Easter: Thank you, Mr. Chair.

Mr. Martin, if you really look at the facts, the Wheat Board maximizes returns back to primary producers. That doesn't happen in the open market. That's the reality, and we've seen it in the last year.

We won't get into the Wheat Board argument, but I want to make a point on Mr. Hoback's questions that you should recognize. There is a great attempt by Conservatives at this committee to shed bad light on the Canadian Wheat Board in any way they can. In fact, it's part of the reason why some of you are here as witnesses.

In any event, on the Wheat Board argument—

Mr. Brian Storseth: Mr. Easter can't just make up the facts as he goes along. He plays fast and loose with the facts enough as it is. At least stick to the purpose of this.

The Vice-Chair (Hon. Mark Eyking): If I may interfere here for a minute, if we're going to get through this meeting all right, there were some shots on that side and a shot on this side, so let's try to keep it civilized. Otherwise we won't be able to deal with Mr. Hoback's motion at the end.

Let's get her back on track, Mr. Easter.

Hon. Wayne Easter: Yes, Mr. Chair.

The fact of the matter isn't the Wheat Board argument, for all the witnesses and for your information. I think western farmers sent a message to the Government of Canada and us in the last Wheat Board director elections, where 80% of the directors were pro-Wheat Board. They can come forward with as many of these messages as they like.

I have two questions. Our research and development is extremely important, and I think a number of you mentioned that. One of the problems with the current system is with matching funds from industry. A lot of the research is basically targeted at how quickly you can get profits back to your shareholders and investors. As a result, because of the lack of public research dollars we are losing the kind of discovery research we used to have that canola came out of, and so on. I'd like your comments on that.

We're talking about competitiveness at these hearings, but I think one of the key questions is what are we competing against? Our major competition is clearly the United States. Does it come down to the U.S. Farm Bill and how they structure their farm policy? For a long time they had a policy of using cheap raw material, grains, as feedstock for their hog and their cattle industry and their ethanol industry. They virtually subsidized at that level, which brought profits throughout the sector further up the line.

What are your thoughts on that as well?

Mr. Larry Martin: I've forgotten all your questions.

Let me start with the last one first. I believe that the U.S. Farm Bill, as it's structured, had that impact in the past. At the moment it doesn't because the grain prices are so much higher than the support prices. I would not say that about ethanol, because the ethanol program is very different and basically creates the demand. It subsidizes the people who use the grain rather than the people who produce it, and that raises the price.

The U.S. lost the cotton case at the WTO, which they said was an unfair subsidy—all three parts of it, as I recall. It's the same kind of program they have on wheat, barley, oats, corn, and soybeans.

You asked about research and development. I think you're right that one of the things we've lost is basic research. The other thing is the research and development tax credit. It's one of the best in the world, but the problem is the cost of accessing it, especially for smaller operations. The accounting costs, test costs, and enforcement costs are really high. There are a lot of suggestions for how to improve that, but that's a very specific thing.

• (1235)

The Vice-Chair (Hon. Mark Eyking): You have half a minute left, Mr. Easter.

Hon. Wayne Easter: Mr. Fowler is going to answer.

Dr. Brian Fowler: I'm a public researcher, and I could write a book on grant applications. You don't want to get into that.

I agree that there has been a loss, certainly, in the support of public research. I think, probably, that we need to sit back and take a look at where those public funds are going. We keep going back to this business of either being for or against the Wheat Board. I became stuck in the middle, and that's the worst possible place to be, because you get fire from both sides.

If I look back on my career—I've worked in winter wheat for all of my research career—I think it was a waste of money. The reason I say it was a waste of money is that I could never finish anything. You get these niche markets, the things we talk about here, where there are opportunities. Whether you like the Wheat Board or not, the protection that they feel they require of the whole system has really stifled any of the efforts we've made to move into some of these niche markets. I think we have to get away from that.

Hon. Mark Eyking: Thank you very much, Mr. Fowler.

We're going to go to the Conservatives now for five minutes. We'll go to Mr. Shipley.

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

Thank you, witnesses.

Mr. Martin, I was interested that in your five recommendations you give credit to young farmers. Quite honestly, I appreciate that very much. You mentioned the 27 best young farmers. Can you just tell me if they are actually practising farmers, or are they students?

Mr. Larry Martin: No, they're practising farmers. The youngest one is a young woman whose parents were killed in Alberta recently. She's taken over a large farm. She was 21. I think the oldest is about 56 years old. They're all farmers. Eleven of them, by the way, are from Saskatchewan.

Mr. Bev Shipley: Okay.

You said that they're from across the country. Are there any from eastern Canada or Ontario?

Mr. Larry Martin: Yes, we have them in different classes. They're from every province.

Mr. Bev Shipley: I think what they said, and one of the things we hear, quite honestly, is that it just needs to be fair—we don't want it to come from you; we should be getting it from the marketplace. That's one of the key things around supply management.

I hear occasionally from my constituents in Ontario, in Lambton—Kent—Middlesex, about the Farm Bill. It's about the U.S. Farm Bill. We need the U.S. Farm Bill. Is that what they're telling you?

Mr. Larry Martin: No, they're not telling me that at all. What they're telling me is that we need to get rid of the U.S. Farm Bill.

Mr. Bev Shipley: Well, we can't do that. It's not our legislation. I guess I'm just asking if we should be developing a U.S. Farm Bill.

Mr. Larry Martin: I think we should be developing an agrifood policy that is very strategic. I think the day of the farm bill type of legislation has passed. If you look around the world, the U.S. now is spending most of its money on green subsidies that are WTO-green as well as the other kind of green, as is the European Union.

I think we need to get away from that direct subsidization of things that are more indirect.

Mr. Bev Shipley: Help me a little bit, because I'm always concerned when we talk about innovation technology. Over the last few years, actually, we've seen more technology in terms of agriculture and maybe food production, but certainly in agriculture.

We've tried to do, through our industry committee and through manufacturing and through our budgets, a number of things to help. You touched on getting rid of some of the tax burden. That's just good for everyone. The other part of it, though, is that they're depreciating faster than they're investing. We've expanded the investment write-off on equipment to 50% for two years straight, but you're saying that this isn't helping.

•(1240)

Mr. Larry Martin: It's interesting. I just got the most recent data. In fact, for the first time in quite a while we actually, in the last year, 2008, had investment slightly higher than depreciation. Something might be helping.

When I talk to food processors, especially in Ontario, what they say is that this is great, but the other part of the whole thing is the regulatory environment, and especially the Health Canada regulatory environment, in that case.

Mr. Bev Shipley: I would like help with that, quite honestly.

If there are some recommendations that would come forward... I agree with you completely. The agriculture industry is handcuffed by the regulations we have, whether they're through Health Canada or Agriculture Canada, in terms of commodities coming into this country that make us uncompetitive because we have products on them or because of our not having access.

Mr. Larry Martin: To the same inputs.

Mr. Bev Shipley: That beats any farm program, in my mind.

You talk about the young farmers and what they're saying. That's about fair trade, that's about fair competition, and having that.

Mr. Larry Martin: Right.

Mr. Bev Shipley: I think I would look for support and some background from you, sir, if possible, to move ahead on some of those things that I think are really critical to our agricultural industry.

Mr. Larry Martin: I know that time is limited, so I want to say just two quick things. One is that I've heard lots of farm organizations say "If you would give us fair trade on the regulatory side, we wouldn't ever ask for a subsidy again". I hear that a fair amount in the vegetable and horticulture industry in Ontario.

Secondly—I will get this to you—I suggest that you read the piece that we just released with FCPC. We have a number of recommendations in there, and the most interesting one is looking at what Australia has done. They're the best in the world in the regulatory environment.

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

We're going to move on to the Bloc again, with Madame Bonsant.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Good afternoon, gentlemen.

Mr. Martin, I find it somewhat incongruous when you speak of competitiveness and productivity. I am not a farmer but I have visited farms. How can we compete with countries such as the United States, Peru or Brazil, which have the right temperature, cheap labour, if not slave labour. You know that, in Brazil, people work for next to nothing. In the southern United States, illegal Mexicans work for peanuts. In those countries, greenhouse gas emissions and food safety are not important. Baby carrots contaminated with salmonella have often been shipped from California to Canada. How can we speak of productivity when we do not have a level playing field around the world?

[*English*]

Mr. Larry Martin: I don't understand why that's inconsistent. If we have lower productivity in Canada than the U.S. does, and they have cheaper labour, those are two reasons why they have an advantage over us, not one. They may have cheaper labour. That depends on the industry, whether they have cheaper labour or not. But if they also have higher productivity and we don't try to match their productivity, we have two strikes, not one, against us.

Secondly, with the number of things that should have happened in trade agreements, for example, we should be able to level the playing field to some extent, on things like the regulatory environment, that would keep out products that have different inputs on them that are not allowed here or are not healthy.

So I'm sorry, but I think my argument is totally consistent, especially given the fact that we have a huge land resource in Canada that is, I think, the second largest in the world for human beings. We can't eat everything in Canada that we produce here, so we have to be able to compete in the world.

[*Translation*]

Ms. France Bonsant: I agree with you but it is hard to grow carrots when the soil is frozen.

Let us move on to the carbon exchange. For a long time now, the Bloc Québécois has been asking for a carbon exchange to be established. Many farmers practice organic farming. In my riding, there are some 18- and 19-year-old girls who own a farm. They are doing everything they can to reduce greenhouse gas emissions. In all honesty, do you believe—this is not a political question—that we must establish a carbon exchange as quickly as possible in order to provide financial assistance to these farmers? This could also help them survive a good number of crises.

[*English*]

Mr. Larry Martin: Actually, I don't think I know enough about that to be able to answer it.

[*Translation*]

Ms. France Bonsant: All right. The carbon exchange is based on the polluter-pay principle, which means that those who pollute purchase greenhouse gas credits. As I was saying, there are many people in my riding—60% are farmers—who are trying things. I do not know if you are aware of it, but one of my constituents owns a wind turbine. He is an avid recycler. I think he spent \$200 on electricity in 2007, and he owns a farm. Do you think that this carbon exchange could help our young farmers work through a number of situations?

•(1245)

[English]

Mr. Larry Martin: Certainly you could, if we can find ways that farmers can generate energy. I'm very much involved in a similar kind of a thing in Guelph, as a matter of fact. If we could let farmers generate energy and get paid for it, that's a great idea. Part of the problem has been, again, that the regulatory system hasn't allowed people to sell into the grids in many cases, so they didn't have that opportunity. That's changing. But absolutely, in that regard I can say I certainly agree with you.

[Translation]

Ms. France Bonsant: I would be very pleased if Mr. Klein and the others would like to answer my question about the carbon exchange.

[English]

Dr. Kurt Klein: Actually there has been quite a bit of research done across Canada on things like a carbon market. A carbon market can work in many ways. We talk about it conceptually, but certainly there is a lot of interest nowadays in not just the carbon market, but the payment for environmental goods and services that are produced on the farm.

I believe this is the way they're going in Europe, and I think we're seeing more and more ideas going in that direction in the United States. And I'm hopeful that some of these will come in our direction.

Having said that, I don't think that will solve the long-term nature of low farm incomes. The nature of competition in agriculture will always drive profits down. But I think it would be a better way of getting money to the farmers you want to get it to, rather than interfering with the market processes through regulations and so on.

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

Ms. France Bonsant: Time is up?

The Vice-Chair (Hon. Mark Eyking): Time is up.

That wraps up the questioning.

Thank you very much to the witnesses for coming today. You've opened our eyes quite a bit.

Right now we're going to have a minute to let the witnesses leave the room, and we're going to come right back in a minute's time to deal with Mr. Hoback's motion.

•(1245)

_____ (Pause) _____

•(1250)

The Vice-Chair (Hon. Mark Eyking): We're going to go to Mr. Hoback's motion. Hopefully it won't take too long.

Randy, to start off, you can talk about your motion or even move it.

Mr. Randy Hoback: Just quickly, I think it's pretty self-explanatory. It's just asking that the Competition Bureau be given some scope to check in on what's going on in the pricing and marketing of fertilizer and then to report back to the committee.

The Vice-Chair (Hon. Mark Eyking): Are there any more comments on Mr. Hoback's motion?

Mr. Atamanenko.

Mr. Alex Atamanenko: I think Randy should have read it in French.

The Vice-Chair (Hon. Mark Eyking): Do you have any comments, Mr. Easter, on his motion?

Hon. Wayne Easter: One of the key areas that need to be pointed out—and I don't know whether it can be pointed out in an attachment to this, Randy—is what is happening in some of our own Canadian industries, for example the potash industry in Saskatchewan. If you recall, they were before this committee a little over a year ago, and prices were going through the roof. We were complaining to them about that. They were telling us that there was no way, with the demand from India and China, they would be in a position to come up with the amount of production necessary until 2012.

They were getting \$1,400 a tonne, or thereabouts, for potash. When the bubble burst on commodity prices, and it came down to a level where they were certainly still making a damned good profit, the first thing we heard—and it was in the papers the other day again—was that they're laying off people, cutting back their production, and so on and so forth, when they were actually still making money, and when they could have been stockpiling potash for future years, for that matter.

All I'm saying, in terms of this motion, is that if there is one thing the Competition Bureau needs to be looking at, because it's within Canadian jurisdiction, it is the way the potash companies in Saskatchewan have handled this. As well, there are only three potash suppliers, as I understand it, around the world. It certainly looks as though there's almost collusion at that level in terms of pricing and ensuring that the prices they receive are high, regardless of the demand. If you want to see a supply management system, I think this is one that is managing supply to meet effective market demand and substantial profit.

I'd just make note of that, Chair, because I think it needs to be noted somehow in the committee's letter to the Competition Bureau in terms of what we're investigating.

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

If there are no more comments, let's bring it to a vote.

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

The Vice-Chair (Hon. Mark Eyking): The clerk has said she'll get that letter off right away. We'll hear back from them on timelines or whatever and present that to the committee.

There's one more thing. There's a subcommittee meeting on the Tuesday that we come back, after the committee meeting, so it will be from one o'clock to two o'clock.

An hon. member: Is it the steering committee?

The Vice-Chair (Hon. Mark Eyking): It's the steering committee, because we're getting kind of jammed up here with so many different people wanting to see us in the next month and a half. We have turkey farmers, dairy farmers, and egg farmers.

The steering committee has to ratchet down on the priorities, on where we're going and how we're dealing with it. Also, as many of you know, we're going to Washington. I'm sure you all know that you have to book the flight through your own office.

Mr. Pierre Lemieux: Chair, given that you're bringing up the steering committee, can we deal with Mr. Easter's motion?

Hon. Wayne Easter: [*Inaudible—Editor*]

Mr. Pierre Lemieux: Well, we're starting to run out of time. If we're going to be having a steering committee.... Your motion directly affects the steering committee.

The Vice-Chair (Hon. Mark Eyking): No, we're not doing it now.

Mr. Pierre Lemieux: We have time.

Hon. Wayne Easter: On the question, I said I was tabling it to the next meeting.

Mr. Pierre Lemieux: You said the end of this meeting or potentially the next meeting.

Hon. Wayne Easter: I said I was tabling it to the next meeting.

Mr. Pierre Lemieux: Don't be afraid, Wayne.

Hon. Wayne Easter: I'm not afraid—

Mr. Pierre Lemieux: Oh, I think you are.

Hon. Wayne Easter: We have a lot of stuff—

The Vice-Chair (Hon. Mark Eyking): Come on, guys, let's have a little order here. We were doing so well.

Hon. Wayne Easter: On the subcommittee, on the trip to the United States, have decisions been made on who is going and how many people are going? Is it the full committee?

A voice: [*Inaudible—Editor*]

Hon. Wayne Easter: It is the full committee? Good.

• (1255)

The Vice-Chair (Hon. Mark Eyking): Is there anything else on Washington? The full committee is going, as we know, the dates are set, and the flights have to be done by your own office.

Is there anything else?

André.

[*Translation*]

Mr. André Bellavance: With regard to Washington, could the clerk provide us with some details?

Ms. France Bonsant: About the hotel, for example.

Mr. André Bellavance: That is right. I will look after my plane reservation but—

Ms. France Bonsant: Chair, I would like to know if it would be possible to leave from Montreal rather than Sherbrooke. Is that up to us? It will not take me as long to return home if I land in Montreal.

[*English*]

The Vice-Chair (Hon. Mark Eyking): Okay. But we're leaving on Tuesday, right? Or Wednesday? It's Wednesday.

[*Translation*]

Ms. France Bonsant: And we are returning Friday.

[*English*]

The Vice-Chair (Hon. Mark Eyking): Is there anything else on Washington?

Mr. Bev Shipley: Can you forward to our office some of the details on what we need and timing for the planes and all of that?

The Vice-Chair (Hon. Mark Eyking): The clerk will speak on this.

The Clerk of the Committee (Ms. Isabelle Duford): The initial contacts with the embassy have been made. It's a work in progress to develop the itinerary, but the ball is rolling on that. A questionnaire will be sent to all the members with details about the flights, accommodations, and such. That should be forthcoming within the week.

Mr. Bev Shipley: And what qualifies you to go?

The Vice-Chair (Hon. Mark Eyking): You have a passport.

Mr. Pierre Lemieux: That's a good point.

The Vice-Chair (Hon. Mark Eyking): That's it on Washington.

As I said, the steering committee is going to meet on the Tuesday that we come back, after our committee meeting, to get some direction on how we're dealing with the next six weeks.

Mr. Pierre Lemieux: Wayne, we still have time.

The Vice-Chair (Hon. Mark Eyking): Is there anything else?

Mr. Pierre Lemieux: I was just saying to Mr. Easter that we still have time to debate his motion.

The Vice-Chair (Hon. Mark Eyking): I think Mr. Easter made it clear that he wants it at the next meeting.

It's a happy bunch we are.

The meeting is adjourned.

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