



ISSN 1181-6465

**Legislative Assembly
of Ontario**

First Session, 39th Parliament

**Assemblée législative
de l'Ontario**

Première session, 39^e législature

**Official Report
of Debates
(Hansard)**

Tuesday 21 October 2008

**Journal
des débats
(Hansard)**

Mardi 21 octobre 2008

**Standing Committee on
Estimates**

Ministry of Agriculture,
Food and Rural Affairs

**Comité permanent des
budgets des dépenses**

Ministère de l'Agriculture,
de l'Alimentation et
des Affaires rurales

Chair: Tim Hudak
Clerk: Sylwia Przedziecki

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Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 21 October 2008

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The committee met at 0900 in room 151.

MINISTRY OF AGRICULTURE,
FOOD AND RURAL AFFAIRS

The Vice-Chair (Mr. Garfield Dunlop): I'll call the meeting to order. I'd like to welcome Minister Dombrowsky and all the staff here from the Ministry of Agriculture, Food and Rural Affairs to the Standing Committee on Estimates. We're here to resume the consideration of the estimates for the ministry. There's a total of five hours and 42 minutes remaining.

When the committee was adjourned, the minister had concluded her reply to the comments of the opposition parties. I will now apportion the remaining time among the three parties in 20-minute rotations. It is now the turn of the official opposition, followed by the third party and the government. Mr. Hardeman, you now have 20 minutes to begin.

Mr. Ernie Hardeman: Good morning, Madam Minister. I apologize, first of all, for not being able to be here at the original starting of the estimates process for agriculture and food, but I did have to be elsewhere. I did read the Hansard to make sure that I hadn't missed—or that I would be aware of everything that had been said, shall we say. I do have some questions on that, but we'll get to that later. I mention that only because I wanted to thank my colleague Ted Arnott from the riding of Wellington–Halton Hills for his job well done. I also wanted to reiterate his comments about the staff in the ministry and working hard on behalf of all the farmers in the agriculture and food industry in the province. I want to echo that because I too believe that that's the case. We have good folks working hard to look after the interests of our agriculture community.

My discussion this morning starts with the Ontario cattle, hog and horticulture program, and I'm sure that's no surprise to you, Madam Minister. I've had some concerns with how that program, though it was very much needed—it was needed, as you've mentioned a number of times, in a hurry. But I don't believe that it meets the goal of helping all the farmers who were mentioned in the budget speech by the Minister of Finance when he introduced the program. I think there's quite a group of farmers who were totally missed in that, and I don't believe that, as time goes by, that gets any less damaging to those farmers.

I just wanted to touch on that program for a while. First of all, as I was looking through the public accounts, there was \$140,178,615 spent on that program. The Minister of Finance, as we're all aware, announced \$150 million of spending for that program. Approximately \$10 million is not there, and I wondered if it has not been spent or if in fact it's in a different part of the public accounts.

Hon. Leona Dombrowsky: If I could just ask the—

The Vice-Chair (Mr. Garfield Dunlop): Minister, can I just ask you one quick question before you proceed? For the sake of Hansard, could you reintroduce the people at the table with you, please?

Hon. Leona Dombrowsky: I would be very happy to do that, Mr. Chair. I have with me today the Deputy Minister of Agriculture, Food and Rural Affairs, Dr. Bruce Archibald. Sitting beside Dr. Archibald is the chief administrative officer and assistant deputy minister, Karen Chan.

I'm delighted that Mr. Hardeman has acknowledged the good work of the folks at OMAFRA. I think it's great. It's an important thing that we do, and we have some of the finest here with us this morning to provide answers to the members of this committee. I'm going to ask staff if they would stand so they can be identified.

Bonnie Winchester is the assistant deputy minister responsible for our economic development division. Dave Antle is the assistant deputy minister of policy at the ministry. Madeleine Davidson is the director of business planning and financial management. Tom Rekstis is the director of communications. We have Rena Hubers, who is the director of food inspection, and Christine Kuepfer is the director of farm finances. Brian Cardy is the director of the rural community development branch. Also with me are my chief of staff, Shelley Potter, and Chris Green, who is my legislative assistant.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Minister.

Hon. Leona Dombrowsky: If I can just clarify: Mr. Hardeman, the numbers that you presented as you have reviewed them in public accounts—we committed \$150 million, and you noted that—

Mr. Ernie Hardeman: On page 2-20 of the public accounts there was \$140,178,615 spent on that program, there being approximately a \$10-million difference between those two numbers. The question is, is it elsewhere in the public accounts or in fact is it not yet spent?

Hon. Leona Dombrowsky: Actually, I'm going to ask Christine Kuepfer from our ministry to provide you with some detail.

Ms. Christine Kuepfer: The \$150 million included two components. There was the \$130 million that went out in direct payments to the hog, horticulture and cattle producers. Then there was the additional \$20 million that went in a variety of payments. They were seen as sector investments, so they went to a variety of organizations: for example, \$9 million to producers to assist with the new enhanced feed ban regulations, \$5 million for dead-stock collection and disposal, \$2.5 million to the Agriculture Adaptation Council for research, \$2 million for the Alliance of Ontario Food Processors, \$1 million to the Guelph Food Technology Centre, \$0.3 million to the Centre for Rural Leadership and then \$0.2 million to the Farm Line. So that \$20 million does not show up in public accounts.

What happened subsequent to the announcement about the \$130 million in direct payments is that we received additional information from the federal government as it related to their cost-of-production payment. Because our payment was based on their data file, it meant that we were committed to paying producers who had received cost-of-production payments. So we had to increase our allocation of direct payments to producers from \$130 million to \$140 million in order to be able to accommodate the additional data information that we received from the federal government to ensure that all producers received equitable treatment because that had been our commitment: that all of those people who had received a payment through the federal cost-of-production program would receive an Ontario payment. So the \$140 million that you see on that page is actually the original \$130 million in direct, plus the \$10 million. The \$20 million shows up—and I'm sorry, I don't actually know exactly where, but it does show up because it was other sector investments in other parts in the estimates binder. I can find that for you if you would like.

0910

Mr. Ernie Hardeman: So where would I find the documentation that authorized the change of spending?

Hon. Leona Dombrowsky: We're getting that for the member, Mr. Chair.

Mr. Ernie Hardeman: Thank you. For the record, I think it's very important, when government makes an announcement and says, "We're going to spend \$130 million on one thing and \$20 million on something else," that there is something there in the record that shows that that isn't what the end result was. Obviously that, for me, is the only reason I'm here, or the reason we're here is to make sure that things flow properly.

Hon. Leona Dombrowsky: Just by way of answer, if I may, because I have received some information and it's what I had suspected. The government committed \$150 million and it was our estimate that \$130 million would be for the cattle, hog and horticulture producers directly. As you know, the criteria was that anyone who would have applied for the federal cost of production pro-

gram—and those applications were as recent as September 2007, so some two-plus months before the announcement—would have qualified for the cattle, hog and horticulture payment.

When all of the calculations were done, we realized that we needed, instead of \$130 million, some \$140 million. You would know that the measure that we use to access those dollars still within the amount committed by the government is that we go to Treasury Board and we explain that the calculations demonstrate a need for, with the criteria that was presented, some additional expenditure. So that is how those dollars were accessed through the Treasury Board order.

Mr. Ernie Hardeman: I guess the reason the figures came to mind, as I was reading the Hansard from the previous meeting—and this is the Minister of Agriculture speaking: "Beginning in February, the ministry also provided more than \$130 million in direct support to cattle, hog and horticulture producers who had been facing financial pressures over some years. They came to us and told us that they had some hardship over some years, so we provided \$130 million to allay those pressures. In addition to that, they were also victims of a higher Canadian dollar, higher input costs and lower market prices."

You're telling us that \$130 million went to those farmers, and then when I look in the public accounts, it's \$140 million. But it started as \$150 million, so we take the—like you say, the treasurer or the Minister of Finance didn't announce how the \$150 million was going to be spent, but I gather from your comments that \$130 million went to the farmers.

Hon. Leona Dombrowsky: I think I said \$130 million more. Can you just read my words back to me, please?

Mr. Ernie Hardeman: "So we provided \$130 million to allay those pressures." That's what it says in the Hansard. So I'm just wondering how we got that \$10 million just floating back and forth between the two. As a representative of the people, I don't know how it got there or where it went.

Hon. Leona Dombrowsky: As I have explained, we had set in place criteria that would qualify producers for payment. We did our very best to estimate the dollars that would be required.

Mr. Ernie Hardeman: I understand that, Madam Minister. My question is, how come you said \$130 million and now it's \$140 million?

Hon. Leona Dombrowsky: Because our goal was at least \$130 million. There was a calculation process. As it turns out, the applications required more than the \$130 million. Those were general numbers. The dollars went to farmers. I'm not sure if there's some dispute that they shouldn't have gone to those farmers. We feel very strongly that when the farmers were able to meet the criteria that were set out for the calculation, those payments were made. When it was evident that more than \$130 million would be needed and we had set aside \$150 million to support the cattle, hog and horticulture industry, we went to Treasury Board and we asked to be able to send those additional dollars to the farmers. The

farmers also identified some other programs that would assist them through these difficult times. So we still maintained investments in those areas and we directed the dollars to those people who qualified under the criteria that were set out, which we discussed with the producer organizations.

I'm looking at Hansard just for the purpose of clarification. My words were, "Beginning in February, the ministry provided more than \$130 million in direct support to cattle, hog and horticulture." That's my reading of the Hansard document.

Mr. Ernie Hardeman: That, Madam Minister, is true, but then you go on to say, "They came to us. They had some hardships over some years. We provided \$130 million." It doesn't say "more than \$130 million." I would think that if you went to Management Board and got approval for another \$10 million, you would know that you had spent \$140 million. At the time of the program, this is what you said on the last day that this committee met.

I guess I'm somewhat concerned that, as I read the Hansard, all of a sudden we have \$10 million floating around and no one seems to know where it went, because there were no other parts in the public accounts where even the \$20 million went, at that point. I appreciate your answer now, that the \$10 million went to the farmers, and I'd be the first to say that likely the last \$10 million should have gone there too, but that's another story—and I'm not questioning that that money shouldn't have gone to the farmers; I'm just questioning about the comment that it was \$130 million, and yet there was \$140 million spent.

Having said that, if we could go to the next one, we've had considerable debate in the House and elsewhere about the design of the program and the fact that the program pays money out based on the information—if we look at the start of the program, it's the cattle, hog and horticulture program, those three elements. You had to have at least 50% revenue from one of those programs in the year 2006. Then you paid based on the average incomes of 2002, 2003 and 2004. Is that right?

Hon. Leona Dombrowsky: I don't believe that's exactly as it is, and I would ask the deputy perhaps to respond to the exact detail of the criteria.

Dr. Bruce Archibald: Mr. Chair, I'm going to ask Christine Kuepfer to come up and give the details on the program design.

The Vice-Chair (Mr. Garfield Dunlop): Yes, please, Christine. Please proceed.

Ms. Christine Kuepfer: The federal cost-of-production program used the reference years of 2000 to 2004. You are correct that you had to have had farm income with the majority of your sales in either hog, cattle or hort in 2005 or 2006 in order to be able to qualify. Does that answer your question?

Mr. Ernie Hardeman: Yes. I think that's what I said.

Ms. Christine Kuepfer: I was just clarifying.

Hon. Leona Dombrowsky: Actually, I don't think you said that. But anyway, it's clear now.

Mr. Ernie Hardeman: The question becomes, Madam Minister—and this is not a staff question; it's a political question. The decision to eliminate people who did not have one of the three criteria, the hog, cattle or horticulture income, in 2005 and 2006, but had a full capacity of one of those three, 100% of their income was from that, in 2007—that was made without application, without appeal. How was that decision made, that these people should not be paid?

Hon. Leona Dombrowsky: I'm going to make two points with respect to that that I've made many times, and I think that hopefully there will be some clarity on this issue. Because it's a political question, I'm going to give you a political answer. After we were elected to government and I was asked to lead the agriculture file, I met with representatives from the sectors involved. They came to me very desperate, presenting a very serious situation in their sectors. They would make it very clear that the need was immediate. Actually, what they told me they needed was cash by Christmas. That's what they said: "We need the money by Christmas or we are going to have producers who will lose their farms."

0920

Of course, we take all concerns that come from our stakeholders very seriously, but this was one that I recognized we needed to act on quickly. Of course, my question was—and you've had this role, so you know that when you're dealing with public dollars you need to have some understanding—"How is it we got here to this place?" What they explained to me was that because of a number of consecutive years of losses in their sectors, exacerbated by the high Canadian dollar and higher input costs, there was a very serious, significant and immediate need.

So we talked about if the government were to consider providing some resources—they are very aware of the vehicles I have, that we have as government, to deliver dollars. There is a process that would require an application, and of course, that would definitely not deliver cash by Christmas. There was a very serious concern that the needs had been there for some time and they were so pressing that whatever the government might consider doing, it needed to happen quickly.

The Vice-Chair (Mr. Garfield Dunlop): You've got to wrap this up in a minute for Mr. Hardeman.

Hon. Leona Dombrowsky: The other piece of this is that we also needed to be mindful to ensure that whatever program we might deliver would not have an impact on trade agreements. We needed to ensure that it was trade-friendly. That is why the idea of using the federal cost of production information that we already had in our system, that would enable us to do calculations to deliver cheques as quickly as possible, was agreed upon. Was it ideal? I have to say that there was a range of options considered, but at the end of the day, getting cash to farmers as quickly as possible was the pressing priority. It is for that reason that our government chose the model of delivery that it did.

The Vice-Chair (Mr. Garfield Dunlop): That's just about your 20 minutes taken up for the official oppo-

sition. The third party is not here at this point. Is it the pleasure of the committee to let them stack their time, or we'll just go on?

Mr. Lou Rinaldi: Mr. Chair, what is the procedure?

The Vice-Chair (Mr. Garfield Dunlop): I think you have the opportunity to allow Mr. Hampton, or the third party, to have their time at a later date, to stack it up for later, or we can say no to that. We'll be going to the Liberals, regardless.

Mr. Lou Rinaldi: Have we got an indication as to why they're not here? Have they requested that it be stacked? I just wouldn't want to make a decision without knowing what their intent is.

The Vice-Chair (Mr. Garfield Dunlop): Mr. Hampton is to be here. He's been subbed in for this meeting today. I don't know where he is.

Mr. Lou Rinaldi: Well, I would suggest we go this round, but I'm not in favour of just stacking for the sake of stacking unless we have a request from them. If they're not going to show up, then I think we need to make other choices.

The Vice-Chair (Mr. Garfield Dunlop): So what am I hearing from the committee? Are you in favour?

Mr. Lou Rinaldi: I'm in favour of going this round, Chair, to be fair to Mr. Hampton.

The Vice-Chair (Mr. Garfield Dunlop): Pardon me?

Mr. Lou Rinaldi: I'm in favour of going this round and letting them stack the time, but I think when this round is over, then we'd better hear from where they are.

The Vice-Chair (Mr. Garfield Dunlop): Okay, so for one round you'll stack his time? We're in favour of that?

Mr. Lou Rinaldi: Yes. I agree.

The Vice-Chair (Mr. Garfield Dunlop): Okay, then if that's the case, we'll stack the time for the first round.

Mr. Lou Rinaldi: Thank you.

The Vice-Chair (Mr. Garfield Dunlop): Now, go ahead.

Mr. Bob Delaney: Welcome back, Minister. I'd like to pick up on a topic that, ironically, we began to discuss yesterday during question period, when I managed to get in a fourth question. We started to talk about farmers' markets and some of the measures that your ministry has implemented over the years and continues to implement that prompt Ontarians to not only buy locally grown fruits and vegetables and other forms of food, but that reinforce our opinion as residents of this province that the best food grown in North America comes from right here at home.

I know there are a number of particular programs that we started discussing after we finished question period, but now that we actually have an opportunity to have this discussion on the record, as it were, perhaps you could talk to me a little bit about some of the initiatives that the ministry has taken to encourage Ontarians to actually buy food that's grown right here in Ontario—without breaking into the jingle.

Hon. Leona Dombrowsky: You don't want me to sing? I have been known to do that. Some folks are

saying I shouldn't give up my day job any time soon, so I'll spare you.

I'm very happy to receive the question. If I may, just by way of introduction, talk about the McGuinty government's initiative to promote Ontario food products. I want to thank the producers and the processors in the province of Ontario, who we work very closely with. They made it very clear that with all of the challenges in their industry—and I have often said that I think the agriculture industry is the only one that is subject to two climates: the natural climate and the economic climate.

What I hear from these folks is that there are so many things that are beyond their control. For that reason, it is important that we have risk-management programs in place to assist them through some challenging times. But farmers, to the last one, would say that they want to make their living in the marketplace and they don't want to rely on government programs. They made it very clear that they believe that if and when consumers in this great province better understand that we produce the safest and best quality food of anywhere in the world, that is going to have a positive impact on their industry, on their sector. We couldn't agree more.

This was an initiative that was very easy to sell for a wide range of reasons. We recognize, and you would appreciate, I'm sure, that this government, and I think every government—but this government particularly—has been focused on investing in the health of our people, and that's why we have a Smoke-Free Ontario Act, we banned junk food in schools and we require exercise in our schools. We're focusing on building healthier Ontarians. An integral part of that plan as well is to educate them about eating good-quality food products. So that's a part of it. We also know that when people prefer Ontario food products, our farmers and the communities they live in do well. It has a ripple effect right across this great province.

I think the last important piece of the Pick Ontario Freshness strategy is with respect to our environment. We also know that when people prefer food products that are sourced close to their home, grown and processed in this great province, that reduces their environmental footprint. When they can purchase food that has come from just the concession away or just the county away as opposed to on the other side of this great continent, that has a very positive impact on our environment.

That is why our government decided that we would invest \$56 million in our Pick Ontario Freshness strategy. It has produced the jingles that we hear on television, and I find that when I go to communities, my own included—I was walking down the street and someone was singing the jingle behind me, just to make the point that they hear it and it has left an impression.

0930

I think what's most important, though, is that I've received feedback from farmers, particularly those who are involved in farm gate sales, who say that their sales have just taken off exponentially. That certainly is one of the goals of this program. So we have made a significant investment to educate the people in Ontario about why it

is important, why it makes good sense for them personally and for our province to look for and prefer Ontario food products.

We had some very effective vehicles in place already, and one was the Foodland Ontario program. The Foodland Ontario program is now 31 years old, and this is a program that has been very effective. In fact, our studies would indicate that fully 90% of the people surveyed recognized the Foodland Ontario symbol and recognized it represented products from the province of Ontario.

Again, with input from our stakeholders, our producers and processors—they recognized that this was something that we should be building on to promote Ontario food products. That is why, this year, we have worked with Foodland Ontario and now that logo, that brand that, before this government, identified quality fruit and vegetable products from Ontario, has been expanded and now is applied to meats, dairy, bakery goods, deli and other fresh foods. We're building on that very positive brand that the people of Ontario recognize. It's good for Foodland Ontario, but it's also good for those sectors that are now able to participate with that very successful strategy.

We've also made investments in the Savour Ontario program; we're talking with Foodland Ontario and our Pick Ontario Freshness strategy. That is an investment that focuses on the consumers and the food they purchase to bring home and prepare.

Savour Ontario focuses on food that consumers would purchase outside of their home and prepared outside of their home in a restaurant setting. This is a program that promotes Ontario wines as well as Ontario foods. We now have more than 70 restaurants in Ontario that are committed to serving local food. Right in my riding, the Waring House is a tremendous example of a dining establishment where you can go in and look at the menu and they actually identify the farm property where the food is coming from in the county.

What we are hearing back from those people who are participating in these programs is that they are the preferred menu selections, that people are looking for that freshness on their plate when they go out to dine. There are many fine restaurants right here in the city of Toronto that feature an Ontario menu.

This is a movement, I believe. I want to congratulate producers, processors and people in the hospitality industry who have partnered with us, who have recognized that by promoting Ontario food products, it's good for their customers, it's good for the people who purchase and it's also good for their business as well.

Another investment that we have made with our Buy Ontario strategy is the Ontario market investment fund. In July of this year, I announced that we are making \$12 million over four years available to the agri-food industry and local groups to present us with their ideas. They must apply to this fund and explain how they hope to partner in their region to promote their local foods. Again, this has been very well received. We have many people, many regions who are eager to work co-operatively with their producers and with local farmers' markets and

distributors to provide better access and better information to the people in their community about what grows and comes from that region.

Another important investment, and it goes to the question that the member asked me in the House yesterday about our investments with farmers' markets—another key access point for people in the province of Ontario to access farm-fresh food: We have committed \$4 million to Farmers' Markets Ontario and the Ontario Farm Fresh Marketing Association. Again, this is to support their good work in promoting local producers.

The example I referred to in the House yesterday was that when we made this announcement and launched this initiative, it was at a very unique location. I think it's fair to say that as Minister of Agriculture, Food and Rural Affairs, I visit a lot of farms, I make announcements at farms and at food processing establishments, but this was the first announcement I made at a hospital. This was to open the first and only—that we're aware of—farmers' market on a hospital property. That's right down the street at Sick Kids Hospital where this summer, and I think it's through until this month, and I believe that it's every Tuesday, there's a farmers' market on the front drive of Sick Kids Hospital. The producers who have joined this initiative are all from the greenbelt. They're very happy to identify with the greenbelt and have people understand that this great protected area is a source and site of the production of the food they eat. I thought it was very appropriate, as well, when you think that Sick Kids Hospital is a place where people go to become well, and they just have to walk outside the front door and there's all kinds of good food that will assist them on that journey to health.

These are some examples of how we have invested in our Buy Ontario strategy. This is, for us, we think, a beginning. We have made this commitment of dollars for the next four years. The feedback has been very, very positive and overwhelming sometimes. We look forward to continuing to work with our partners. I think that that's very key. Yes, the government has a role to play, but we will only be successful when we work with our partners and when we recognize that—in my view—the stars of this plan are the people who grow the food. They really do an outstanding job. Then, of course, there are the people in the processing sector who work so very hard to ensure that what comes to us in our homes is of the very best quality.

I'm happy that the member has asked about our Buy Ontario strategy. We did have an opportunity to talk about his community in Mississauga where there's a farmers' market which is, I think, if not in the member's riding, just outside the member's riding. Typically, perhaps, there was the sense that farmers' markets were in limited locations. I believe that through the partnership that we have with producers, with Farmers' Markets Ontario, and with Farm Fresh Marketing Association, there has been an expansion of farmers' markets across this great province. I see that as a trend that I believe will continue as more and more Ontarians look for the best-quality food they can provide for their families.

The Vice-Chair (Mr. Garfield Dunlop): She used a lot of time with that answer. You have five minutes left.

Mr. Bob Delaney: It was a comprehensive question; I was actually very interested in what she had to say. I don't think there was a one-word answer to the question.

I guess, then, in the last five minutes—as long as I have a little bit of a soapbox. I come from an area in the greater Toronto area whose hallmark is its diversity. The city of Mississauga, for example, grows by about 20,000 people per year, and nearly all of them move within five minutes of where I live, and that's not exactly an exaggeration. Across the GTA, and especially in the 905 belt, what we have as a great asset to our province is a very dynamic community of newcomers with a particular emphasis on South Asia, east Asia, southeast Asia and, to a growing degree, eastern Europe and Latin America. If there's a syndrome that I could describe, it is that for the generation that comes from the old country, regardless of which old country and regardless of what time period they came and continue to come, their values, tradition and culture are rooted in the old country and so are their habits. The generation born in Canada of parents from the old country is the mixed-up generation, and in fact they end up teaching their parents about their province and their country based upon what they learn in school. It's the third generation that's more recognizably Canadian than it is of the old country.

0940

To bring that back to some of the values, cultures, traditions, roots and buying patterns, what we see throughout the 905 belt is a very extensive, albeit informal, chain of, for want of a better term, ethnic stores. It's very possible to, if you want to, go into a specialty store a few minutes from where I live and find the same brand names that you can find on the shelves in New Delhi, Shanghai or Damascus, and it is exactly the same produce. In many cases, even farm produce is flown in from Asia or from the Middle East.

I'm just wondering, from the staff point of view, had you thought of an outreach plan to some of the clearly identified ethnic communities to equate quality with Ontario produce so as to counterbalance to some degree the perceived imperative of, "Well, you know, we've got to go to this store because we can buy tomatoes that have been flown in directly from the Middle East." I've been over at a lot of the homes. I've had them and, frankly, the Ontario stuff is better. I'm just wondering, as a member from the 905 belt, whether or not the ministry would like to join in a dialogue to teach newcomers to Canada some of the benefits of doing your grocery shopping and paying attention to Ontario produce.

The Vice-Chair (Mr. Garfield Dunlop): This will have to be a shorter answer; a minute and a half left.

Hon. Leona Dombrowsky: It's a very good question, and I'm delighted to have the opportunity to respond. Perhaps, as fulsome as the previous answer was, it was not fulsome enough because, when I speak about the Farmers' Markets Ontario investment, the partnership that we have with Farmers' Markets Ontario, the \$4 mil-

lion, one of the components of that partnership is to assist Farmers' Markets Ontario to research what consumers expect to find from direct farm sales. So there are resources available for farmers' markets to work with those communities to determine, "What are we not growing that those communities are looking for and are sourcing outside our province and that we can grow and provide better?" as well as, "How can we do a better job?" doing just as the honourable member has indicated we need to be doing, and that is promoting the quality of Ontario products. However, I would say that, given recent events, there is a heightened awareness that it can happen; when products come from offshore, there can be some significant risk in purchasing those products. We are providing resources to Farmers' Markets Ontario for that purpose.

The Vice-Chair (Mr. Garfield Dunlop): Now we'll go over to the official opposition and Mr. Hardeman.

Mr. Ernie Hardeman: Madam Minister, I do want to go back to the issue of the Ontario cattle, hog and horticulture program just for a few moments. It has to do with the timing and your interest in getting the money out quickly. I've said it in the House, and I'll say it again here, that I fully support Ontario Pork's analysis when they said that when there's a program announced to help them when they're in dire straits, the quicker the money gets out the better; that's their responsibility on behalf of their constituents. But it would seem to me that the responsibility of the minister is to make sure that it goes to the right people, more so than how quickly it's being done. A former minister said to the Auditor General, "The reason those cheques went to these people, and it was more than they needed, was because I had to get them out in a hurry." That to me is not a good enough reason to send them out. You have to make sure they go out right.

Just quickly on the timing: You used the wording that you wanted to get the cash out—I'm not sure whether that was Ontario Pork's position or yours—before Christmas. Of course, the original economic statement was December 13, so that would in fact make it two weeks or two and a half weeks that you were going to get cheques out. It's not a reasonable assumption that you would get them out that quickly. The program details weren't announced till January 17, so getting them out before Christmas was not an option at that point because you didn't have the program. The letter that went out to the recipients with the cheque was in fact February 27. A lot of time has taken place between December 13 and February 27. It would seem to me that the ability to get numbers that would tell you who should be eligible—there's enough time in there to do that.

I'm aware, and I've heard from my constituents, that there were people who no longer were keeping any one of those three items and hadn't been for more than a year—in fact, some quite a bit beyond that—hadn't had any livestock on their farm and got a cheque. In fact, there are people who were no longer on this earth who got a cheque. Yet you're saying, "That's the collateral damage that we caused because we had to get the money

out quickly.” Don’t you think it’s your responsibility to make sure that it goes out to the right people?

Hon. Leona Dombrowsky: The cheques did go out to the right people. If I may just respond to the statement about cash by Christmas, that’s what producers expected of me. That’s what they told me they needed. I made it very clear that—

Mr. Ernie Hardeman: You mean deliberate?

Hon. Leona Dombrowsky: Excuse me. That’s what producers told me they needed: cash by Christmas. In fairness to the producers, I think that was their way of expressing to me the very immediate need. They were very concerned. I am told by these people, who I believe, that there were a number of farm operations that were at risk of being taken over by their bankers, so the situation was explained to me as quite dire.

What I did when I met with the stakeholder groups was certainly talk about the vehicles that we have as government to deliver cash. I indicated that there are a range of scenarios, but, again, the point came to me that money needed to be delivered as quickly as possible. Yes, on December 12 the Minister of Finance indicated that there was a commitment to spend dollars. There certainly was an understanding. The people we spoke with appreciated, if we were to deliver the dollars in the time frame that they told me they needed the money, that using the existing information that we have in our ministry would be the best vehicle to do so, and so that is what we pursued.

The criterion at the end of the day was that anyone who would have applied for the federal cost of production program as late as September 2007—that was the most recent information—would qualify for that payment. So in terms of the right people getting the money, I believe that in fact the right people have.

0950

The honourable member has suggested to me that he’s aware of people who he believes, in his mind, don’t deserve, and shouldn’t have received the money. I’ve indicated that if he has this information, that should be forthcoming from him. I’d be very happy to pursue that on his behalf.

I do believe—and if there are people who would—

Mr. Ernie Hardeman: Madam Minister.

The Vice-Chair (Mr. Garfield Dunlop): Okay. You wrap up this part of the question, and then we’ll get into—

Mr. Ernie Hardeman: This is getting ridiculous.

Hon. Leona Dombrowsky: So, very clearly, those people who would have applied for the federal cost of production were those who were qualified, and they were the people who received the cheques. After the application date and within I would say two months, those cheques went to the people who, by the information that we have at the ministry, qualified for those payments.

Mr. Ernie Hardeman: I don’t need quite as long an answer, Madam Minister; I just need the facts. Do you know—or can you get the information—how many deceased people received cheques, cheques that went to an estate, and people were no longer with us?

Hon. Leona Dombrowsky: My staff are indicating that that is something we can look into. I’m not able to say definitively that that information will be forthcoming. We do find sometimes there are some issues around privacy. But whatever we are able to provide, we will.

The Vice-Chair (Mr. Garfield Dunlop): Thank you.

Mr. Ernie Hardeman: If I could, Mr. Chairman, I would also like it to include retired farmers who had gone out of farming and retired in that last year.

Hon. Leona Dombrowsky: Yes. Staff are indicating to me, and I do question, as well: What’s the definition of a retired farmer?

The Vice-Chair (Mr. Garfield Dunlop): Mr. Hardeman, do you want to clarify that?

Mr. Ernie Hardeman: Yes, sure. Someone who is no longer qualified, based on the number of livestock units when the cheque went out.

Hon. Leona Dombrowsky: If an individual still owns a farm, are they a farmer?

Mr. Ernie Hardeman: No. I mean they would no longer qualify. If at the time the cheques went out, that farmer no longer had pigs—at that time, you suggested that you don’t have that information, but do you have that information now, as to who got the cheques, and how many of them no longer had pigs, cattle or horticulture in 2007, those people who were getting cheques when they really shouldn’t have?

Hon. Leona Dombrowsky: First of all, if I may offer this, we have a business risk-management program that operates, and the honourable member, from when he was minister, would know that under the business risk-management program, those dollars are delivered after year-end sales are provided. So it does happen in this business that when people receive cheques, they may no longer be in the business, but the dollars are provided to compensate for losses they experienced when they were in business. That’s how the dollars are provided.

So they did need a cheque, because the numbers that have come to the ministry make it very clear that with the criteria that we use, they qualify. The day they get the cheque, they may no longer be actively farming, but those dollars are provided sometime later, to compensate for the losses that they demonstrated they had when they were farming.

That’s a program that we have in place, and all other provinces operate the same way. This is part of the agreement that we have signed with the federal government in terms of how those dollars are delivered.

Mr. Ernie Hardeman: I don’t want to suggest they weren’t eligible; I just want to suggest that I’d like to know how many were no longer farming when they got the cheque.

The Vice-Chair (Mr. Garfield Dunlop): Okay, I think that’s clear. Do you have the next question?

Mr. Ernie Hardeman: You talked, Madam Minister, about the meeting with the stakeholders, and particularly the chair of Ontario Pork, about the challenge that they faced after cheques went out, with new farmers and beginning farmers and younger farmers in particular

being missed in the program. The chair of Ontario Pork suggested that he would like you to do something to fix that problem. Obviously, nothing more was done. Could you tell me why something couldn't be done to alleviate the problem with these young farmers?

Incidentally, a lot of the farmers that Ontario Pork was talking about before Christmas who were facing challenges with the bank were in that group of farmers who didn't get a cheque, so the bank is still at their door.

Hon. Leona Dombrowsky: First of all, I did not make any particular reference to any meeting I had with any particular stakeholder.

Mr. Ernie Hardeman: No, I made the reference to it. I got that from Ontario Pork.

Hon. Leona Dombrowsky: I just want to make that clear, and I would not be inclined to respond to what you would presume might have been the conversation. What I'm very prepared to answer to, as I have to date, is that the conversations we had with stakeholders made it very clear that because of losses that have been suffered over a number of years, there was a particular urgency in dealing with that. So the honourable member would say that if someone got in the business in 2007, there was an urgent need and the bankers were at their door to retake the farm. That's the scenario that has been presented. I think it's fair to say that the conversations that I had with stakeholders around why we needed to do this ad hoc payment—by the way, we're the only province in Canada that did it, and the federal government certainly didn't put in a 60% share. But clearly, the presentation to me, as minister, from the stakeholder groups, was that there was an urgent need, and it was because of the situation in the sectors for a number of years. That was clearly the point that they made to me.

The honourable member would suggest to me that he has heard from leaders of particular sectors, and after the program was out they may have heard from some of their members who did not receive cattle, hog and horticulture payments. I'm sure I have no reason to doubt that. But when it was at the time of coming to me and pleading what their needs were, I'm telling you very clearly that there were two points: that it was to address some long-standing hurt that the sector had experienced; and that cash was needed as soon as possible.

Just for clarification, I also want to indicate that producers who were new in 2007 or had significantly changed their operation had the option of applying for the 2007 AgriStability interim payment. An interim payment, the honourable member would know, is an advance, so to speak, on what they would receive from their participation in AgriStability. This interim payment process allows for the timely flow of dollars that directly relate to the individual farming organization. Producers currently experiencing financial difficulty can apply now in 2008 for these interim payments. I think that it's also very important for the members of this committee, in particular the honourable member, to be aware of the various tools that are available to producers. Those who would have come into the business in 2007 and would experi-

ence some challenge are certainly able to access the interim payment program.

Mr. Ernie Hardeman: Madam Minister, I've heard that line for many weeks and many months. We all know that an interim payment is money they're going to sadly need when they get to that point. It's just an advance on the pay. You and I would both know that if you have an income and you have to work to pay today's bills, you have to take an advance on next year's income, and when the next year comes, you're going to be in dire straits. So to me, Madam Minister, that is not an answer.

Obviously, there's no answer forthcoming for these young farmers. I guess the government has decided that they're just not important enough, because they need it as much as anyone else keeping pigs in 2007. Many of them were already keeping pork in 2005-06, even before that, under contract. They switched from contract because the prices dropped. We all know that when the provincial government announced this program, it was announced because of the dire straits in 2007.

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Interjection.

Mr. Ernie Hardeman: Madam Minister, it's my turn.

The Minister of Finance stood up and said, "because of all these conditions: the rising input costs and the high dollar"—not the high dollar in 2005, not the high dollar in 2006; the high dollar in 2007.

These people were investing in contract pigs. The supplier of the contracts reduced the money so much that they couldn't keep contract pigs anymore. They then bought all their own pigs, and then their government leaves them hanging at the end of the next year. The cheques didn't come out until 2008. They had a whole year of losses and the government says, "No, you don't count because there are other people that count more." I just think that this program is badly flawed. I thought it when you brought it out, and it still is.

Madam Minister, so far this morning you've done absolutely nothing to explain what we're supposed to do with these farmers that totally missed out on the program. Getting an advance on their money, to me, Madam Minister, is not the answer.

Having said that, I do want to—

Hon. Leona Dombrowsky: May I respond?

Mr. Ernie Hardeman: No. There was no question there, Mr. Chairman.

The Vice-Chair (Mr. Garfield Dunlop): He hasn't really asked you a question at this point; he just made a comment. You're down to three minutes in this round.

Mr. Ernie Hardeman: The question is—and you mentioned in your statement the last day that there was about \$25 million to help with the transition of the meat packers. Do you recall that, Madam Minister?

Hon. Leona Dombrowsky: Yes.

Mr. Ernie Hardeman: But yet, I can't find that in the list. This may be a staff question: the transition assistance to meat processors for 2007-08 was \$6,770,000 and in the public accounts it was \$2,695,000. Where did the \$25 million come from?

Hon. Leona Dombrowsky: Staff will be happy to get that information. We're just determining who best is going to provide it.

Dr. Bruce Archibald: This was a multiple-year program, and those are the expenditures for the first year of the \$25-million initiative—if what the member's referring to is the program to assist with the transition to the new federal regulations dealing with removal of SRMs and those types of materials. It was a multiple-year program. The expenditure that you're seeing is the first-year expenditure of a \$25-million commitment over a four-year program.

Mr. Ernie Hardeman: Can I just finish off that one by questioning the difference between the estimates and the public accounts number on that same column from \$6,770,000 to \$2,695,000? That seems like a very low take-up of the program.

Dr. Bruce Archibald: It was below what was originally estimated, but these programs, historically, have a fairly slow ramp-up time. I think it takes time to get awareness and for people to put applications in and for processing. It was initially budgeted for a fairly even distribution of the dollars over the four years, but as you've correctly pointed out, the first year was below that. Those dollars then roll over and are available in the remaining three years of the program.

Mr. Ernie Hardeman: Thank you.

Hon. Leona Dombrowsky: Also, if I may add to that, we have been working very closely with the Ontario Independent Meat Processors because we recognized collectively that we could be doing more, that there were resources available for independent meat processors. What we were coming to understand was that not everyone knew all of the programs that would be available to assist them. The Ontario Independent Meat Processors, I believe, have been doing some tremendous work with outreach to assist and advise independent meat processors of the programs that are available. We do look forward to continuing to build on that relationship and to continue to partner with meat processors who would qualify for this program.

The Acting Chair (Mr. Garfield Dunlop): That just about wraps up the official opposition's turn.

We will now go to Mr. McNeely. This will be the last 20-minute rotation before we recess for question period.

Mr. Phil McNeely: Thank you, Minister, for being here today to give us this information and for all the good work that's being done within the Ministry of Agriculture and Food.

I was at a meeting this morning with a couple of people from Minnesota who were up here to talk to us about the environment and all the issues that are going on there. I just wanted to bring in, before my real question, that one of the things that could give our food an advantage is if we take into consideration the terrible costs of the carbon dioxide that's used in transportation when we're seeing a lot of the foods coming from China now, coming from Florida and coming from Mexico. I know we'll always be importing food, but one of the hidden costs there is the carbon dioxide and the great damage

that is coming up in the future with climate change. We're using this atmosphere as a free dump when it's really not a free dump. We're going to pay for it; our children are going to pay for it a great deal.

But I want to get toward some of the investments that you're making in Vineland Research and Innovations Centre. Can you tell us why we've made significant investments there, and what do we expect to get from that investment?

Hon. Leona Dombrowsky: I'd like to thank the member for asking about Vineland because it has been a significant commitment by this government. In my view, and certainly in the view of the many people who have had a hand in the shaping of the support program that we have implemented, it's very important, not just for the agriculture industry but for the Niagara region.

What everyone has recognized is that it's a very unique treasure we have in the Niagara region. From a climatic perspective, certainly, they are able to grow many fruits and vines that we cannot grow in other parts, although because of the work that has gone on there and is going to go on there, we are hopeful that we are going to be able to innovate in ways that will enable us to establish a wide range of fruits and vegetables across the province in areas that have not been typical for them.

There has been for many years the Vineland research station. The family of my deputy next to me certainly has a history there and some wonderful work there as well. I think what our government has recognized is that, because of the very good work that has gone on in Vineland, the tremendous resource that we have in the facility there, we could not miss the opportunity to build on that. Because the Niagara region is the treasure it is, because we enjoy the climate that we do in that part of this great province, this was a facility that was worth an investment.

But we also recognized that really to ensure success, what we needed to do was to reach out to our partners in the industry, partners in the region and partners in the area of research and ask them what their vision was, how we can get the best bang for our buck, so to speak. We had a desire to build on the facility, but we wanted to do it in a way that would ensure that it met the needs of the industry and the region. So I asked a panel—and I don't have the names of the panel right in front of me—of some very good people; it was chaired by Donald Ziraldo—to consider a plan around what they saw the future of Vineland to be. These individuals worked very hard, and within a very few months provided me with a document around what they saw could and should happen in Vineland.

Very clearly, it did require some investment, and I think it's no surprise that when you consider the role government plays in these partnerships, very often—more often than not—it's as the funder, but not just as the funder. I think the government does want to ensure that the goals of the plan are consistent with our goals as a government. We want to ensure that the investments we make are going to support the local economy, are going to support the industry sectors going forward. We want to

make sure that, as we continue to liaise and dialogue with our partners, in this case in the horticulture sector, that the investment we make is consistent with the direction they would like to see us go in as well.

1010

Just going back to the people who were on this committee: Donald Ziraldo was the chair; Dr. Cal Stiller; Jamie Warner was a local farmer; and James Farrar represented the greenhouse industry; and the secretariat was Ken Knox, who's a former deputy minister in this ministry, a very fine one indeed. Those folks brought us a plan, and the plan indicated that in order to achieve the vision that the folks in the region saw for the facility, there would be a need for a capital investment of some \$25 million. So this was something that we as a government and certainly within my ministry, and then of course with my cabinet colleagues, considered very carefully, and we were able to initially commit to \$12.5 million to the establishment of the Vineland research station. Now, if I may as well, Mr. Chair, just talk about the fact that this station has some significant history in the region as well: it recently celebrated its 100th anniversary. It was really that event that sort of was a springboard for us to put the committee together.

I'm just going to go to my notes because there are some particular points that I would like to make with respect to the vision of what is going on at Vineland right now.

Also, the committee brought recommendations around how the centre would be managed. So, in 2007, the Vineland Research and Innovation Centre established its board of directors and hired a chief executive officer. This year, the focus is on advancing the research program and the priorities of the industry. Three senior research scientists have been hired in the areas of sensory and consumer science, discovery—and that sort of goes to the question that Mr. Delaney asked earlier—discovery and adaptation, and molecular breeding and adaptation. Vineland also hired a chief administrative officer, a grant writer and a public relations/communications person. In 2008, Vineland will continue with planning for a new, state-of-the-art research and innovation centre by initiating a site master plan which will build on the results of the functional plan that was completed earlier this year.

You may know that horticulture is a significant industry in rural Ontario, with more than 7,500 producers, and they generate more than \$1.75 billion in sales in our province. But this sector is facing significant challenges, and you know with the closure of the CanGro facility in the Niagara region, the rising Canadian dollar and the increased global competition it is really reducing their profit margins. The horticulture sector has been very supportive of our investments in research and innovation. In fact, in one of the very first meetings I had with representatives from this sector in terms of what their ask was, what they expected from government, it was clearly support in the area of research and innovation.

The vitalization of the Vineland station can contribute to building a much brighter future for the horticulture sector, also for the Niagara region, and obviously for the

province as a whole. We know that research and innovation are absolutely key. It's part of our five-point plan. We recognize why it is so important to invest in innovation. We believe that when we innovate and we are able to demonstrate that we have the latest, the best, the hardest and the safest, that is going to attract business to our province.

Vineland's first 100 years created a legacy of growth and success, and we owe it to those who came before us and to those who will follow us to create a world-class research institution, and we have the solid foundation upon which to build it. It is for that reason that I spoke about the \$12.5-million initial investment that we made. Because we are absolutely committed to an innovation agenda, we were able, last year, to provide an additional \$12.5 million for that treasure of a facility.

This is something that was so very well received within the region. I spoke earlier about the 100-year history. They have been so fiercely proud of all that Vineland has represented in their region for the last 100 years. It was a bit of a tired facility when we came to government; I believe that the \$25-million investment that we have made has breathed some new life into this facility and has inspired a great deal of excitement in the region, certainly a lot of excitement in the horticulture sector, as they look for products that they can grow in this region, products that will, as consumer demands change, enable the region to produce the products that consumers are looking for. They may not be the food products that consumers preferred 25 years ago.

The folks there feel that this has been a real shot in the arm for the region. We think this is an excellent investment in the horticulture sector, and we look forward to continuing to partner with the farmers there, with the scientists and with the regional representatives to continue to build on the reputation that Vineland has.

Mr. Phil McNeely: Chair, how much time?

The Vice-Chair (Mr. Garfield Dunlop): You've got seven minutes left.

Mr. Phil McNeely: I've worked, I think, 25 years with farmers down in eastern Ontario, when we were doing a lot of tile drainage work and a lot of municipal drainage work. The tile drainage in eastern Ontario allowed the corn producers to get their crops in the ground a couple of weeks earlier and helped them, certainly, in taking the crops off for silage. I got into hand cutting with those heavy clays down in Prescott and Russell.

The history of tile drainage and extending the season for seed corn in eastern Ontario is one that I saw from the 1960s until the 1980s, and it's continuing today. Rather than investing in bigger tractors, they're able to invest in tile drainage and make sure, when they prepare the fields for seed, that the seed and the fertilizer, those big investments, are not lost. So tile drainage was one of the areas where the Ministry of Agriculture and Food, over the years, has helped a great deal.

There's another thing that's happened, and I don't know if it comes from some of the research that hap-

pened at Vineland, but adaptation is one of the issues you mentioned. We have a winery right next to Orléans now—Domaine Perrault. Denis Perrault has served on many committees. He's a dairy farmer, and he served on many committees with the natural resources and agriculture and food. But Denis, Lyse and their daughter Anne have invested in our first winery in the area. There was one at Bourget—I don't know if it's going—but this one is only three or four kilometres from my riding. They've been very successful with that adaptation to the climate in the Ottawa area; we've moved a winery out to that area, and he was one of the people who led that. I know that you've been very successful in Prince Edward County, and that whole area; that's become a significant industry and a great industry. I had a brother who lived in Consecon, and he raised beef. I tried to convince him to put four or five acres into grape production, but he stayed in beef—he's out in Saskatchewan now.

But certainly, moving the capacity of our province forward, the research and innovation is a good part. Something that we've done in Alfred—and I was involved in that project with Alfred College of Guelph University—is use wetlands to treat the sewage, and it's been quite successful. That's been going on for five or six years. So I certainly feel that these investments that we make in innovation and research are extremely important.

One of the issues around cities is growing your own food, and food sustainability, and getting away from all that transportation of food, and you've mentioned that somewhat. But with farmers' markets and people within the suburban areas that are very close to agricultural land, it would be nice to develop projects that would combine the farmers' markets with garden plots, and it's something that I've thought about. That \$12 million you mentioned earlier, I believe, is that the type of project that might be considered?

The Vice-Chair (Mr. Garfield Dunlop): Three minutes remaining, Minister.

Hon. Leona Dombrowsky: Oh, thank you, Mr. Chair. Well, there was a lot of preamble there. I'm happy that there was, because it provides me with an opportunity to say that I had the opportunity and the privilege to visit the vineyard next to the member's riding. It is a wonderful facility and yet another example, and he very appropriately identified that. As a result of research and innovation, we are going to be able to do some extraordinary things in the agriculture sector; some things that we aren't doing right now, or able to do, we will in the future. He has identified a region of the province that typically did not produce grapes for wine and is now doing so—and doing a splendid job, I might add.

Another point that I would like to identify is that we are now able to grow grain crops farther north in Ontario than before, and that's, again, a direct result of the partnership we have for research and innovation.

With respect to the \$12 million for the market initiative, what I would offer to the honourable member is that it's an application process. We would certainly encourage any group—and we do look for partnerships,

there's no doubt about it. We believe, and we have found, that the best way to receive return on dollars invested in communities is to ensure that there are a lot of folks who are shepherding the initiative.

So I would suggest to the honourable member that if he is aware of groups anywhere in the province that would be looking to partner with the government to look for ways to better promote and encourage local food products and local food production in a region, certainly, please contact my minister's office or the ministry, and we will put you in touch with folks to listen to the idea, to see if it qualifies, to work with people who would be eager and to have them understand how they might qualify for the resources that have been made available in this program. Did I do it in three minutes?

The Vice-Chair (Mr. Garfield Dunlop): Yes, you still have 20 seconds left. That's very good.

Anything else in this round, then? Okay. With that, we will recess this portion of the meeting until 4 o'clock this afternoon.

The committee recessed from 1023 to 1603.

The Vice-Chair (Mr. Garfield Dunlop): Good afternoon, everyone. We welcome everyone back. We left with the government finishing up their 20-minute rotation. We'll go now to Mr. Hardeman from the official opposition.

Mr. Ernie Hardeman: It's good to be back after a hearty lunch of fine Ontario food.

Before I get back to the regular questions, I was going over the Hansard, and there's a comment from Dr. Archibald on page 16 of the Hansard of that day—the numbering is just the way I numbered it from the presentation. I'm sure the doctor will recognize the statement: "There are times, under extenuating circumstances or extreme sorts of conditions, such as we had last year when we did the one-time cattle, hog and horticulture payment, when the industry asked the minister to waive that policy because of the extreme situation facing many cattle and hog payments, which is the minister's prerogative, and she chose to do that. So it isn't all the time and all programs, but as a general policy we try to collect payments from people when there are future payments that are eligible."

My question to the deputy would be, where would I find that policy? As the programs are set up, they have a standard, they have a process, of how you collect the back payments. What would precipitate the extreme circumstance that would give the minister the prerogative to exempt this program from that?

Dr. Bruce Archibald: Sorry, I'm just unclear about the question. What would be the circumstances that would—

Mr. Ernie Hardeman: It says here, "extreme situation facing many cattle and hog payments, which is the minister's prerogative, and she chose to do that." Where would I find the policy that says, "These are the parameters for a program in all cases, and unless the minister chooses not to, we would collect the overpayment from previous payments." Where would I find the ability to

exempt this program from collecting the back overpayments from our farmers?

Dr. Bruce Archibald: The Ministry of Finance sets out the general policies in terms of recovery of overpayments, but does allow an individual minister to deviate from them, case by case for the particular programs, and the ability to not collect overpayments. So the general policy of the government in all areas is that when there are overpayment situations, we try to recover those using a variety of different methods, but the minister responsible—in this case the Minister of Agriculture, Food and Rural Affairs—has the ability to waive that collection process based on the needs of the industry at that time.

Mr. Ernie Hardeman: Again, where would I find that policy?

Dr. Bruce Archibald: We'll have to find the stated policies in terms of the collection policy for the province, in terms of overpayments and the ability of a minister to deviate from that.

Mr. Ernie Hardeman: If I could get that, I'd very much appreciate that.

I had some quick questions here on Agricorp and the audit. I think my colleague may have answered it, but I don't remember reading the answer. In the last year, approximately 60% of the applications audited had errors and had to be adjusted. Of course, the audits were only conducted on 1% of all the applications. So a 60% failure rate in the applications—how do we deal with all the others now? We have 99% of the applications that we have to assume are 60% wrong. What are we doing about that?

1610

Hon. Leona Dombrowsky: I'm happy to respond to questions with respect to Agricorp. We certainly had heard a great deal about some of the problems at Agricorp, and that is why I asked the Provincial Auditor to provide some direction to the government in terms of how we can improve that service. One of the recommendations, first of all, the Provincial Auditor did identify—I'm just looking—

Mr. Ernie Hardeman: Excuse me, Minister.

Hon. Leona Dombrowsky: Yes.

Mr. Ernie Hardeman: I've read the Provincial Auditor's report and I know what it says. He said that he checked 1% of the applications and found an error rate of 60%. That's more than half of the applications he checked that needed adjustment. My question is: What are we doing about the other 99%? Don't they need adjustment?

Hon. Leona Dombrowsky: Actually, anyone who would have received a payment that they believe is not appropriately calculated can appeal that and ask for a review. We certainly take the recommendations that have come from the Provincial Auditor very seriously. That's one of the reasons why we had the audit; we recognized that we have to do a better job with program delivery. One of the recommendations that the Provincial Auditor did ask us to consider—we've sent this out to our stakeholders as well for their comments—and what he noted

was that in the province of Quebec, where the province requires an official agent, in other words, an accountant, someone who is familiar with the program—it is a requirement in the province of Quebec. In Ontario that is not the case. I have heard—

Mr. Ernie Hardeman: Okay. So are you suggesting, Madam Minister, that you're looking at making that a requirement for here to deal with those?

Hon. Leona Dombrowsky: What I'm suggesting is that we are taking all the recommendations of the Provincial Auditor very seriously. It was identified by the Provincial Auditor that, because there may be some unfamiliarity with the filling out of the forms, there is an extraordinarily high incidence of error. One of his recommendations to deal with that is to require an agent to assist a producer to submit the form.

Mr. Ernie Hardeman: Okay. Again, going back to the 60%—and this question is more to do with the situation that's on the ground now as opposed to where we go in the future—the auditor says 60% of the applications have an error in them. That's based on his quick glance at 1% of the applications. Some 60% of that 1% had an error. Isn't there some kind of need to look at them all and say, "If there are 60% that are wrong, we can't wait for every applicant who thinks it's wrong to appeal, but to actually look at where they're wrong"? The auditor found it in his 1%. He found the 60%. Can we not find them? Can the ministry not find those?

Hon. Leona Dombrowsky: Again, I think what the Provincial Auditor has indicated to me in the audit was because—and I think that he also made it very clear that the role of Agricorp is not to necessarily correct applications, that that isn't perhaps the best use of their time; it's to process the applications. We do have a problem, because not all of the information that's being provided is correct, and one of the best ways to pre-empt that is to require an agent who has some experience in dealing with the forms—so that is certainly something that we are carefully considering.

I have put this document out to stakeholders to get their feedback. From time to time we hear from producers who have various opinions about Agricorp. I have heard some very strong opinions about whether or not we should require an agent. But I think what the Provincial Auditor has very clearly identified is that in Quebec, where that is required, over 95% of applications—that is, they have hired the agent.

Mr. Ernie Hardeman: That would explain, Madam Minister, very well why we should be looking at something like that. My question still is that if we are told by the Auditor General that 60% of our applications were not filled out properly—have mistakes in them, overpayment or underpayment—I would think that it's not good enough to just say, "Well, from now on we'll do a better job." It would seem to me that it requires looking at and saying, "What was wrong with the system?" Because the next thing that the Auditor General mentions is that there seemed to be nothing in place to make sure that some of the mistakes weren't intentionally made. So what are we doing about that?

Hon. Leona Dombrowsky: Mr. Chair, can I ask for a clarification? When the member says that some of the mistakes may have been intentionally made, would that be by Agricorp or by the producer?

Mr. Ernie Hardeman: Well, it says, actually, by Agricorp. According to the auditor, there was no system to track which staff had made changes to data to ensure that they are not modifying payments to friends, family and themselves. What changes have you made to make sure that that's not happening?

Hon. Leona Dombrowsky: I'm going to ask the deputy to respond to that.

Dr. Bruce Archibald: I think there's actually a couple of points that I might just provide some clarification on.

Of the 1% that Mr. Hardeman talked about—those were actually Agricorp's audits of their high-risk files that the auditor reviewed—50% of those files, it was found, needed to have payment adjustments. So it was a subset of a higher-risk category within Agricorp's normal audit review process.

As far as the comment that the auditor made in terms of a potential bias of a reviewer because of areas—those are areas where Agricorp has actually developed a policy in terms of making sure that there is separation of individuals who are looking at files for which they might have some personal potential conduct, and it's also one of the areas that we're going to do as part of our overall review in response to the Provincial Auditor's various recommendations.

Mr. Ernie Hardeman: Thank you very much for that. Was this a value-for-money audit?

Hon. Leona Dombrowsky: That's my understanding, yes.

Mr. Ernie Hardeman: Has the ministry done any other value-for-money audits in the ministries?

Hon. Leona Dombrowsky: I'm not aware, no—not during my tenure here. I'm not sure what predates me.

Dr. Bruce Archibald: There hasn't been any in the last—

Mr. Ernie Hardeman: I would just ask that, when you're checking it out, if any have been done I'd like a copy of those and an update on what happened to those.

Hon. Leona Dombrowsky: Are you saying over and above what the Provincial Auditor would do in his normal course of responsibility?

Mr. Ernie Hardeman: Yes. Different programming or different things that have been audited, as value for money within the ministry. And—I think the deputy may have just answered—the issue of cheques under \$200,000 can, in fact, be issued with the concurrence of one reviewer. They could actually review an inactive report and send out a cheque for \$200,000 or less to themselves. That has now been corrected in your system, that they can't do that anymore?

Dr. Bruce Archibald: Agricorp actually has put in place a policy in terms of reviewers' ability to review and make recommendations on files for which they have a direct involvement, but it is an area that we are going to

continue to review with them as a result of the auditor's commenting on that again.

Mr. Ernie Hardeman: The other thing that the auditor was somewhat critical of in the overall review was the inability of the farmers—and this is one of the things I hear regularly in my consti office from farmers who call and want clarification. They have no idea how Agricorp or the ministry came up with the totals that are there. They're different from the totals that were sent in, and there is no way that the public can understand the program. Could you enlighten me as to what has been done, since you got the auditor's report, to rectify that?

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Hon. Leona Dombrowsky: I think it's very important that I would clarify. I did ask for the Provincial Auditor to review the operation at Agricorp, provide some recommendations. When I received that in July of this year, I said that I wanted to hear from our stakeholders—producers, people who actually use Agricorp—to look at the auditor's recommendations and get back to me in terms of what recommendations they, as users of the system, think that I should move on first, if at all. That information was due to me by the end of September.

What I say is that we are now in the process of looking at the recommendations from the Provincial Auditor alongside the input we have received from industry stakeholders. I would hope that the honourable member appreciates that we value the direction that has been provided in the recommendations from the Provincial Auditor, but I also value the feedback and the input from industry stakeholders. I will be considering that very carefully. As a result, we have not come forward with our plan in terms of how we will be moving forward after the Provincial Auditor's report.

Mr. Ernie Hardeman: I don't disagree with you, Madam Minister. But I would suggest that when you send an auditor in because you have concerns about how the operation is functioning, you put some faith in the report that comes back from the Provincial Auditor when he says, "The auditor noted that the process is so confusing that farmers and their financial institutions are unable to predict support payments. Several agriculture groups have asked to have this resolved." It's pretty clear to me that the ministry, without further consultation, should start looking at how you would fix that problem to make it less confusing, to make it work for farmers. The auditor says that's what the farmers told him. I'm just wondering whether we've started on that yet or whether we're still waiting for the people who were confused to tell you again that they're confused so you can start fixing the problem.

Hon. Leona Dombrowsky: What I've tried to indicate is that we are considering the input that we have received from our partners in the industry. As I indicated to your colleague last week, there are some recommendations that have been presented by the auditor that not all of our stakeholders think we should move on or that maybe shouldn't be the priority.

There's no question that this ministry and this government very much want to improve the level of service, and we will do so. We are working on a plan now that will enable us to move forward in a way that is consistent with good accounting practices as well as in a way that reflects the priorities of the people who actually use the system.

I would also want to advise the member that there is a review of the AgriStability program under way at the federal-provincial level. We're trying to weigh how best to invest our time and energy. We want to be sure that we're not going to look at ways to overhaul a system that might in fact change in the not-too-distant future.

There are a lot of things that we're considering at this time. We certainly are committed to improving the level of service that farmers receive. We're very grateful for the report from the Provincial Auditor, and we believe the auditor has given us some very good recommendations to build on.

The Vice-Chair (Mr. Garfield Dunlop): Mr. Hardeman, you've got about two minutes left.

Mr. Ernie Hardeman: The question, Madam Minister, is that it's quite obvious that if you have an audit like this, one of the things that the stakeholders would not be supportive of is, when the auditor recommends that, because it's the taxpayers' money, we should try to get back all overpayments—it's not surprising that that's not the number one priority of the people who got the overpayments. But I think those types of recommendations from an auditor should be a high priority for the minister and the ministry. So on behalf of all taxpayers, I want to make sure that we're moving forward on those areas where the industry may not be the first to say, "That's what we should be doing," but I think there is an obligation on behalf of the minister to follow through on what the auditor recommends.

There are a lot of times, when I read the Provincial Auditor's report at the end of the year, that, as a citizen, I may not like the recommendation because it's not positive to every individual. But at the same time, it is the obligation of the government to deal with what their auditor says and to move forward with that approach. I would encourage you to do that, Madam Minister.

Hon. Leona Dombrowsky: I would like to respond that certainly the producers, the farmers who receive those payments, they want to repay those payments. There's no question about that.

What I have heard—

Mr. Ernie Hardeman: Not the ones I've talked to.

Hon. Leona Dombrowsky: The farmers that I have dealt with are very honourable and reputable people, and they don't want to keep money that is not rightfully theirs or that they received because of a calculation. There is an understanding that there will be a payback if there is an overpayment.

What they are saying to me, though, is about the way that those overpayments are recovered. As I indicated to the member's colleague last week, we do have a system of recovery when there are program payments: Those

overpayments are clawed back. What the Provincial Auditor has suggested, and identified as in place in other jurisdictions, is a collection agency. What I'm hearing from farmers is they don't believe that's the very best way to collect overpayments from farmers—by using a collection agency.

The Vice-Chair (Mr. Garfield Dunlop): That brings us to within five seconds of the official opposition's rotation.

Now we go to the third party for up to 40 minutes in this cycle. If you recall, we offered them the opportunity this morning, when we banked some time, with the consent of the committee. Mr. Hampton, you have 40 minutes, if you wish.

Mr. Howard Hampton: OMAFRA says—and I hope I'm being accurate here—that it aims to strengthen Ontario's agrifood sector in improved food safety. Is that a correct statement of one of the ministry's overall objectives, to strengthen Ontario's agrifood sector and improve food safety?

Hon. Leona Dombrowsky: Yes, it is.

Mr. Howard Hampton: Could I ask: Has OMAFRA set benchmarks for achieving the goal of improving food safety? Have you actually sat down and set benchmarks so that you can measure whether or not you're improving food safety?

Hon. Leona Dombrowsky: What this ministry has done—we have the Haines report. It provided some 113 recommendations, I believe, in terms of how we can build a solid food safety regimen in the province of Ontario.

When I came to this file, I did ask staff at the ministry to consider the recommendations, and some 87 fall to the responsibility of this file. I asked members of my ministry to review all of those 87 recommendations. Of course, we can't do everything all at once, so I did ask them to prioritize those recommendations that obviously would impact on delivering safe, high-quality food to the people of Ontario. As a result of that, we have implemented 71 and we continue to work on 14.

I will say to the honourable member that, certainly, a priority for this government, and it was identified by Justice Haines—to ensure that we have a safe food system, we needed to invest in human resources; we needed to invest in meat inspectors. When we came to government, there were 10 meat inspectors for the entire province. We now have some 107 meat inspectors full-time, and some 63 part-time. That's an example of the commitment that we have made. That is an example of the priority. We believe that by making investments in the field, providing services for those people who actually deliver the food product, that is where we need to begin to build a strong food safety system.

Mr. Howard Hampton: So I take it from your answer that you're basically using the Haines report as the benchmark for achieving food safety.

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Hon. Leona Dombrowsky: I am going to ask my deputy minister to offer some comments, but in addition to the Haines report, we did proclaim the Food Safety

and Quality Act since coming to government. It was passed by a previous government, but it was this government that actually proclaimed it. With that proclamation came the demonstration that it is a priority for this government.

I'm going to ask the deputy minister as well to talk about the initiatives and the work that has been done in this file on food safety.

Dr. Bruce Archibald: I think the question was about how we are actually tracking and improving food safety. On our ministry's website, we post the audit ratings of individual abattoirs in terms of their level of compliance, and we track that over time. We also show the tracking in terms of compliance for chemical residues and track that over time. So we've put that out in a very public way to demonstrate the commitment to improving food safety, and also show how we're doing in terms of improvement over a period of time. This is a relatively new initiative, in terms of transparency, but I think it gets at the member's specific question of how we're tracking to demonstrate that we are actually improving the safety of food in Ontario.

Mr. Howard Hampton: I just want to emphasize again that there's no trick to this; I just want to understand. It would seem that you're using the Haines report as the benchmark. Mr. Justice Haines set down a number of recommendations. As you point out, a number of those fall directly on OMAFRA. Is that your benchmark? Is that how you're measuring what you're doing and not doing, how you're progressing?

Hon. Leona Dombrowsky: It may seem like I'm wordsmithing, but I think Haines is a blueprint as opposed to a benchmark.

Mr. Howard Hampton: Okay. Then let me ask you this: Aside from the Haines report, have you set specific targets and timetables for progress? If this is a priority for the ministry, have you said, "Here is where we want to be in this period of time, here is where we want to be by this period of time, here is the target we think we need to meet"? Have you set specific targets and timetables for progress?

Hon. Leona Dombrowsky: With respect to the investment we've made in food safety, I'm going to ask staff to speak to the specific investments. As I indicated, when we came to government I did ask for their advice in terms of how we could prioritize our investments with this blueprint. We do want to make sure that the dollars we plan to spend are spent well, but that we do it in a way that we build one investment on the other. That is why one of our initial investments has been to hire meat inspectors. Another investment, of course, has been the \$25 million we have set aside to assist small, independent meat processors comply with new regulations.

We also hired a chief veterinarian, who has joined me here at the table, and tasked this individual with the very specific responsibility of putting together a food safety plan for the province of Ontario. At this time, perhaps I would ask Dr. Deb Stark, from the Ministry of Agriculture, Food and Rural Affairs, to offer some comment on our food safety plan.

Dr. Deb Stark: As the minister has indicated, the report of Justice Haines certainly has been the direction we have been following in the past few years. Justice Haines was very clear about some additional standards we had to put in place for free-standing meat processors. We had a four-year time frame to put that in place and have just brought the last of them under this month, so that is on track. As the minister also indicated, we provided capital assistance for them to make the financial investments they needed to come up to speed.

One of the things Justice Haines asked us to do, as you have raised, is to be more clear about performance measures and tracking. We have made significant investments in something we call baseline studies, where we have done studies to understand the level of potential risk that is out there. We are in the process right now of developing performance measures that we will be able to track against. When we have those in place, we'll be able to actually measure that progress in those other areas.

Mr. Howard Hampton: Then, am I to take it that there's an actual information-gathering process in place?

Dr. Deb Stark: There have been; we do them on a project basis. So we have done them in poultry, pork, dairy and beef, and the results of those are also on our website.

Mr. Howard Hampton: Just so I'm clear on this, how is that information gathered?

Dr. Deb Stark: We actually go and take samples and then submit them to the laboratory for testing to find out what kinds of risks or contamination might be in those samples.

Mr. Howard Hampton: And that's on the website?

Dr. Deb Stark: The results are on the website.

Mr. Howard Hampton: As I understand it, a further 120 processing plants were added as of October 1.

Dr. Deb Stark: Approximately, yes.

Mr. Howard Hampton: It seems to me that that's a fairly significant expansion. Can you tell me if any further inspectors have been hired to address that 120-plant addition?

Dr. Deb Stark: Yes, we increased the number of inspectors this year—I'm turning to the director of the branch—

Interjection.

Dr. Deb Stark: —by 12. That is the year-over-year increase. We have increased, as the minister indicated, to 170 inspectors.

Mr. Howard Hampton: So those additional 12 are to take account of the 120 further processing plants. Is that what that's about?

Dr. Deb Stark: Generally.

Mr. Howard Hampton: That's why 12 would have been added, because there are another 120 processing plants?

Dr. Deb Stark: Yes. We brought them in in several rounds, and this was the last round, so this was the last increase.

Mr. Howard Hampton: So the total now is?

Dr. Deb Stark: We have 170 positions.

Mr. Howard Hampton: Are those full-time, part-time, contract?

Dr. Deb Stark: One hundred and seven full-time and 63 part-time.

Mr. Howard Hampton: Is it true that OMAFRA inspectors do not test for BSE—mad cow—in provincially inspected slaughterhouses?

Dr. Deb Stark: BSE testing is done by the federal government, the Canadian Food Inspection Agency.

Mr. Howard Hampton: So they would inspect provincial facilities?

Dr. Deb Stark: The CFIA does not inspect provincial facilities, but samples, if we have the relevant specimens, do go into the federal testing system.

Mr. Howard Hampton: I just want to be clear on the mechanism. OMAFRA inspectors—

Dr. Deb Stark: We would collect the sample and submit it to the CFIA for testing.

Mr. Howard Hampton: And that's for every provincially inspected slaughterhouse?

Dr. Deb Stark: Not every animal; just the animals that are part of their testing regime.

Mr. Howard Hampton: Okay, the random testing regime. So basically you have to rely on the CFIA for that. You collect the sample and forward it to them, and they have to get back to you.

Dr. Deb Stark: Yes, that's correct.

Mr. Howard Hampton: Is it true that OMAFRA inspectors do not do swab testing of equipment in cutting rooms and processing plants to check for *Listeria*, *E. coli* and other contaminants?

Dr. Deb Stark: We do testing if we have a concern.

Mr. Howard Hampton: Only if you have a concern.

Dr. Deb Stark: Yes.

Mr. Howard Hampton: I guess the natural question would be: How does a concern arise? I think we all know how one concern has arisen. How would a concern arise?

Dr. Deb Stark: When the inspectors go into the plant—and it differs if it is an abattoir, which handles live animals, or a free-standing meat plant, which handles further processed product. The inspector goes in and, before anything starts up, they do a pre-inspection to see whether the sanitation has happened, the record-keeping is there, the proper employees are there. In the case of an abattoir, they then inspect the live animals and actually watch the processing itself. If they have any concerns, if they see anything, if they hear of anything, they would take appropriate samples at that time, not just for *Listeria*, but any kind of a concern that might be a food safety risk. If they have enough concern, they'll actually stop the line until that concern has been addressed.

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Mr. Howard Hampton: I want to focus for the time being not so much on the slaughterhouses, but the processing plants. If I can refer to the events that we all know about, I acknowledge that this was the federal testing regime, that the routine tests you're talking about were always being carried out, but there was no swab testing of the equipment in cutting rooms and the actual

processing equipment. In other words, the routine stuff was being done, but despite that routine stuff, something very serious happened. I guess I'm asking, what is done by OMAFRA?

Dr. Deb Stark: We too like to learn from some of the events that happen. When that *Listeria* outbreak did occur, we immediately provided all the information that we had from the Canadian Food Inspection Agency, because everyone was learning at that time what might be happening. So as we had that information, we shared that. We know that with this particular organism, the real risk has a lot to do with sanitation and cleaning. We actually provided our own material, which we distributed to all the plant operators. Then we had our inspectors specifically visit all the operators in our province that would have similar systems in place creating similar products, just to make sure that they understood the risks and they understood that sanitation was a solution.

One of the things that we are bringing on this fall is the microbiological testing that you're referring to. We understand that that's a piece that needs to happen. If you'll recall, in 2005 none of these plants were under our regime. They were under the public health regime. We've been bringing them up in waves. We've just brought the last one on. Now that we have some of the fundamentals in place, we will continue to make sure that we raise the bar, and as standards change, we'll continue to implement them.

Mr. Howard Hampton: Just so I'm clear, this was done after the *Listeria* outbreak?

Dr. Deb Stark: The plan to put the testing in place was always planned for this fall. We had always intended to do so and we continue to plan to do so this fall. The other things I talked to you about, the educational pieces—we call it the teachable moment, when people are focused on the problem and want to know what they can do to prevent it, and we take advantage of that—were, yes, because of the *Listeria* outbreak.

Mr. Howard Hampton: I can then take it that the more detailed inspections that actually revealed the source of the *Listeria* and the fact that *Listeria* had contaminated many of the cutting machines, as I understood it, even in their internal parts—that kind of testing is happening now in OMAFRA-inspected meat processing plants in Ontario?

Dr. Deb Stark: No, not at this moment. It is our plan to incorporate testing. We have had initial conversations with the industry. We have developed the scheme—how many tests you have to take, what you do with the results, how that works—but we have not implemented it yet.

Mr. Howard Hampton: So meat processing plants that fall under OMAFRA for inspection, as things stand today, are still vulnerable to the sort of thing that happened at Maple Leaf Foods.

Dr. Deb Stark: Plants that are under our inspection regime right now are required to put the kinds of sanitation and disinfection programs in place that would prevent what happened at Maple Leaf Foods. There are no guarantees, as Maple Leaf found out. But they are

certainly expected to have those sanitation systems in place, and we do have the inspection system in place to make sure that that sanitation is happening.

Mr. Howard Hampton: But the actual inspection of the equipment and the tests—

Dr. Deb Stark: The inspection of the equipment is in place. It's that final, as you say, test that is not there.

Mr. Howard Hampton: Okay. Is it true that OMAFRA inspectors do not do random sampling and testing of ready-to-eat foods as they come off the production line?

Dr. Deb Stark: That's correct.

Mr. Howard Hampton: We're talking about processed meats and so on.

Dr. Deb Stark: That's part of the piece that will be coming in this fall.

Mr. Howard Hampton: So you actually will have random sampling and testing of ready-to-eat foods.

Dr. Deb Stark: Will it be random?

Interjection: Within a sampling plan, yes.

Dr. Deb Stark: So we will have a sampling plan, and within that plan it will be random, yes. Over time, it will not be because we intend to move to a risk-based program where areas and plants that have higher risks will be held to higher scrutiny than plants that won't.

Mr. Howard Hampton: I guess I repeat my question—you could literally have processed meats come off a production line of a plant that is under OMAFRA's scheme of inspection and there would be no inspection of those meats at the present time. They would just simply go through the system and could wind up on the shelf.

Dr. Deb Stark: The inspection would be around the handling, the disinfection and the system itself.

Mr. Howard Hampton: Okay. I want to be very clear on this because I think everyone was quite shocked by what happened with Maple Leaf Foods. As I understand it, the whole regime about the maintenance of the equipment, how the equipment had to be cleaned—in fact how it had to be taken apart to be cleaned properly, the internal workings. All of that has been put in place—actually I want to be careful here. All of that was discovered in the Maple Leaf debacle. Is that a fair statement?

Dr. Deb Stark: I have not seen an official conclusion. There was information provided by the Canadian Food Inspection Agency that said, "We're certainly concerned about some pieces of equipment and how they may have been cleaned or not able to be cleaned," and some recommendations if an operator had that particular type of equipment, and that information is what we passed on. But again, I'm not aware of any absolute, firm conclusion that that was the whole problem. It's my understanding there will actually be an investigation by the federal government partially to try and understand some of that.

Certainly I think, as you say, the cleanliness of the equipment, understanding how this particular machine operated and where some of the risks were was new information for people, and again we took that quite seriously. Our plants tend to be smaller than the Maple Leaf plant. They tend not to actually have the machine that's

in Maple Leaf, but the fundamental message holds true for all plant operators. You have to be extremely scrupulous in your disinfection.

Mr. Howard Hampton: I just want to be clear: When will this random sampling and testing of ready-to-eat processed meats and processed foods be in place in OMAFRA-inspected plants?

Dr. Deb Stark: Our intent is to roll that out this fall.

Mr. Howard Hampton: This fall?

Dr. Deb Stark: Yes.

Mr. Howard Hampton: Okay. You can be sure that we'll want to come back and check on that.

Are there plans to hire additional senior inspectors to assist overworked area managers, which I believe is one of the specific recommendations of Mr. Justice Haines?

Dr. Deb Stark: Justice Haines recommended that we expand the number of area managers. We did that. I believe we exceeded his number by one. We are seriously looking at the concept of a senior inspector, but a decision has not been taken.

Mr. Howard Hampton: So the answer to that one is "no" at this time?

Dr. Deb Stark: Under consideration.

Mr. Howard Hampton: I want to make sure I'm correct here. For 2006-07, 89% of abattoirs had a rating of A or above and 92% of FSMPs—I gather that's free-standing meat processors—had a rating of A or above. Do you have the figures for 2007-08 yet?

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Dr. Deb Stark: We will get them if we can. I do not have them with me.

Mr. Howard Hampton: Okay, and if you have them, you'll table them ASAP?

Dr. Deb Stark: Yes.

Mr. Howard Hampton: Okay. In 2006-07, the performance measure for non-compliance with food safety standards assessed during audits in provincially licensed meat plants was 10.8%, compared to the baseline of 19.1% in 2000-01. We've gone through some of these.

Dr. Deb Stark: I'm sorry, I didn't quite catch all of that.

Mr. Howard Hampton: It's just the performance measure for non-compliance with food safety standards. As I understand it, you do the annual audits and then you sit down and you publish the figures. I understand the non-compliance figure for 2000-01 was 19.1%; for 2006-07 it was 10.8% in non-compliance. One of the numbers I'd be specifically interested in: What is the equivalent figure for 2007-08? Is non-compliance coming down, is it going up, is it stuck?

Dr. Deb Stark: Okay.

Mr. Howard Hampton: I guess the other question I'd ask is, are the 2007-08 figures for the testing of meat carcasses, raw meats, smoked meats and water and ice samples available?

Dr. Deb Stark: We'll get them if we have them.

Mr. Howard Hampton: Okay. Because of the part of the province I come from, the minister and I have had a go-round and the deputy and I have had a bit of a go-

round on this. Does the ministry have a process in place to comprehensively identify all meat processing plants in the province? If Joe Brown opens up a meat processing plant, what's the process whereby you learn about this? What's the process to ensure everyone falls within the inspection regime and the Ministry of Agriculture, Food and Rural Affairs is all-seeing and all-knowing on these issues?

Dr. Deb Stark: We had an inventory several years ago, which we actually just updated this summer. A lot of our information now, quite honestly, comes from word of mouth. So our inspectors and our managers are in the communities. The licensed operators are often very interested in making sure that you know that their competition next door is not licensed, so they pass that on. Those are the things that we do.

Hon. Leona Dombrowsky: We have also been working in partnership with the Ontario Independent Meat Processors. That association has been particularly helpful, both to this government and I think to its members, in providing them with information around programs that they might access, for example, to assist them with compliance of new regulations.

Mr. Howard Hampton: But there's still some hit and miss to this. You could have a meat processor or somebody who's doing meat processing and they can fall outside OMAFRA completely. Is that fair to say?

Dr. Deb Stark: It's always possible.

Mr. Howard Hampton: The responsibility for food safety is split between the Ministry of Agriculture and Rural Affairs and the Ministry of Health and Long-Term Care. Now, one of Mr. Justice Haines's recommendations was to create a single food inspection agency. I think he called this the next logical step in modernizing the food safety system in Ontario. Is there a plan to create a single food inspection agency as Mr. Justice Haines recommended, or are we going to continue to see that some of this falls within the Ministry of Health and Long-Term Care and some falls within OMAFRA?

Hon. Leona Dombrowsky: What I can say—and I indicated earlier in my remarks to the member—is that I have asked staff to consider all of the recommendations of Justice Haines and to return with a priority list. I think it's fair to say that we really believe that putting meat inspectors in the field was perhaps more of a priority, certainly for those people in the abattoirs and in the free-standing meat processors. They wanted those folks in the field. So that has been where we focused our energy.

Justice Haines also indicated that we should consider this type of agency in Ontario. I think it's fair to say that in light of all that has happened with respect to food safety in this country and in this province, we're looking very carefully at the fact that there has been a food inspection agency federally, the role that it has played, the role that such an agency might play in the province of Ontario as we consider, just as Justice Haines suggested we should, whether or not to implement one in the province of Ontario.

Mr. Howard Hampton: I think we all agree that not just the events within Canada but the events outside of

Canada have heightened public awareness of the need for better food safety systems. Mr. Justice Haines may have been ahead of his time in terms of his recommendation, given what we've seen over the last six months or so.

The other questions I have in relation to this—and I must confess I don't know all the ins and outs; I'm interested to learn the ins and outs. We have had a lot of concern raised about imported food, food that appears on the store shelf. So what is the process for ensuring that food which comes from outside of Canada meets Ontario's health, labour and environmental standards? Does that all fall on the federal government?

Hon. Leona Dombrowsky: That is, in fact, the case. I would say to the honourable member that that is something that is regularly brought to the table at our federal-provincial meetings. It's an issue certainly in the province of Ontario, and indeed across Canada. Our producers, our stakeholders, as you would know, are very concerned that they are held to a level, a regulatory regimen, because they do want to produce the safest and best-quality food. Then they find, when they go grocery shopping, that there are food products from other jurisdictions where the producers have not had to meet the same regulatory rigour. Their products are in our stores. This is something that we raise at the federal table very regularly. We continue to be hopeful that the federal government will look to address that.

I would offer that a good first step was taken when the labelling change was made for food products that would be made in Canada. That was certainly very well received in the industry. As I indicated, it's a good first step, but there certainly is more to do. But yes, it is a federal responsibility.

Mr. Howard Hampton: The follow-up question I have on this is, does the province lack legal jurisdiction on this front?

Hon. Leona Dombrowsky: I'm going to ask the deputy to respond to that.

Dr. Bruce Archibald: I'm not sure that I—in terms of do we have a legal ability to test foods coming in from outside the country in terms of meeting standards, the regulation that sets the guidelines in terms of contaminants is a federal statute. If we were to test these things and found a violation, we would have to report it to the federal government. So there's nothing that would prevent us from testing things, because you can do surveys, but any violation that you'd find under the Food and Drugs Act, we would have to report to the Canadian Food Inspection Agency, because they're the ones that actually have the legislative authority to deal with those kinds of non-compliance.

Mr. Howard Hampton: I want to be very clear on this, because I think this is going to become a bigger issue. Ontario farmers produce food. If it goes to a provincially inspected plant, they will have to meet all of Ontario's regulations. We've already seen circumstances where food has been withdrawn. I think we've seen examples—provincially inspected and federally inspected. Maple Leaf is probably the largest federally inspected

example we have. We've had repeated reports of food that has been produced or processed in other countries coming to Canada, and going to other countries as well. The latest thing I heard of was chocolates that were laced with—

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Hon. Leona Dombrowsky: Melamine.

Mr. Howard Hampton: Is it melamine?

There are real issues about the health effects of that. So can it conceivably happen that food, if it were produced in Ontario and had to go through the provincial inspection system, would not be allowed on the shelves of stores, but food that is produced outside the country would be, even though it might not meet the same standards, or even have less standards? That's the situation we're in?

Hon. Leona Dombrowsky: That would be the situation we're in.

Mr. Howard Hampton: I think this is pretty serious. What is being done, given that there have been so many reports of foods that have been processed elsewhere in the world that are not just a risk to human health but identified threats to human health? What is being done to protect the public in Ontario?

Hon. Leona Dombrowsky: As I've indicated, this is an issue that we continue to bring to the attention of our federal partner that has the responsibility of dealing with food safety issues of products coming into Canada from other countries.

The other part I would offer is that we have embarked on a very ambitious Buy Ontario strategy. We want the people of Ontario to know that there are a lot of good reasons that it's in their better interest to prefer Ontario food products, because they are safer and are of top quality. We've also worked with Foodland Ontario and with our partners. The member would know that for 30-some years, Foodland Ontario identified fruit and vegetable products from Ontario. We have now expanded that so that a Foodland sticker can go on Ontario pork, Ontario eggs, and other processed products that have come from Ontario. This is a way of assisting the consumer (1) to understand that if they want the best and the safest, they should prefer Ontario, and (2) by developing that brand, we're also supporting our local economies and our producers. We believe that that is one way to begin to address—for example, we had bean sprouts from offshore that had *E. coli*; there have been other leaf products from the United States and tomatoes from other jurisdictions that had *E. coli*. Again, we believe that when we remind Ontarians to prefer Ontario products, that's the best way there is to access safe, quality food.

The Vice-Chair (Mr. Garfield Dunlop): We have about two and a half minutes. The leader of the third party.

Mr. Howard Hampton: I have a related question. Despite the recent listeria outbreak, it's my understanding that OMAFRA continues to allow the use of pathogenic sewage sludge as fertilizer on farmland and pastures. I'm told—I'm not the researcher, but I did some

reading—that the research shows that listeria is found in sewage sludge and that listeria contamination of sludge spread on farmlands lasts for several months after the sludge has been spread. How is spreading sludge laden with listeria on farmlands consistent with food safety and public health protection?

Hon. Leona Dombrowsky: I'm going to ask Dr. Stark to respond, please.

The Vice-Chair (Mr. Garfield Dunlop): You've got about a minute and a half to try to get this cleaned up—

Dr. Deb Stark: I'll try. The responsibility for setting the standards for that is within the Ministry of the Environment, but we do work with them. We have something called a biosolids utilization committee. We believe there's actually great value in taking proper material, that could otherwise just be waste, and putting it on farmland. That can reduce a farmer's fertilizer costs by \$60 to \$100. It's also a good way for the municipality to get rid of this product, assuming, again, that it is safe product. So a municipality or whoever wants to do this has to put a proposal to the committee, where it is evaluated to make sure that standards are met, and these are set out, as I say, by the Ministry of the Environment, not OMAFRA.

Mr. Howard Hampton: I'll have time to do the follow-up later.

The Vice-Chair (Mr. Garfield Dunlop): Okay. So thank you very much, to the leader of the third party. Now the government rotation, Mr. Craitor.

Mr. Kim Craitor: Minister, I'm pleased to have an opportunity to ask you this question. Before I do that, this is a difficult question for me to ask. First, let me just say before I do that, earlier today you mentioned the Vine-land Research Station, and that is generally in the area I represent—Niagara Falls, Niagara-on-the-Lake and Fort Erie. It was so well received and so I need to, just for the record, say congratulations. That was a great investment. Many of the people who were on that board that gave you the advice that that was the way to go are people whom I know personally, and it was great advice they gave you.

I want to just talk to you about an extremely sad situation we had in my riding, in Niagara-on-the-Lake, particularly St. Davids. We had the closure of the last fruit canning plant called CanGro, and to tell you, Minister, when I was a kid, I worked there, so I know that place inside out. That was a particularly sad situation, and just to quickly share with you, it seems like it was yesterday. I had some ministers in there to look at it because I was so proud of that canning plant. It was doing so well.

A couple of years ago, Kraft Foods sold that plant to another company in the States, and I was reassured by this new company that it was business as usual and things would continue on. I remember getting a phone call some time, I think, in January from the local newspaper. They wanted me to comment on the closing of CanGro. I remember I was quite shocked and said, "No, that's not happening." The reporter said, "I'll fax you the press release." I realized he was quite serious. He faxed me over this press release, which I read, and I was just

shocked at what I was reading. I said this can't be happening. I would think the company would call somebody, whether it was the local MPP or the mayor or someone to say, "We've got some challenges. Can we work together?" But that didn't happen. I actually called that number—it was an American number that I called down in the States—to try to talk to the signature on the bottom of the press release to say, "Can we get together? Can we talk? Our government is interested in working with you. How do we do that?" I probably made 50 phone calls and never got one back.

I then made a point of going in to visit the plant and I sat with the workers. I remember sitting with them for about an hour and a half. They were shocked. They said the company had never come to them, had never asked for any concessions or, "Can we work together?" One of the things—and you touched on it and I didn't even know this. They produced products under the name of Del Monte and Aylmer. I remember one worker taking a can of peaches and saying, "Kim, look at this can. What does it say?" I read a few things on the label and she said, "No. Do you see where it says 'Product of Canada' on it?" I said, "Well, that's ours, that's great." She says, "No, it isn't. Do you know that as long as what it takes to manufacture that can"—which could be the label, could be the tin, could be the transportation costs and the peaches that are inside of it—"adds up to 51%, you get that label put on the can."

I remember writing a letter myself, personally, to the Prime Minister, just out of frustration, saying, "This is inappropriate. This doesn't make sense." As you said, there was an announcement shortly after. The Prime Minister was in Vineland and made the announcement that they were looking at changing the labelling.

Before I ask the question, this is my personal feeling. I've come to the conclusion that that particular company bought that business two years ago to get the label. I firmly believe they wanted the Del Monte label and the Aylmer label. They now have it. They sold the plant. It's available, but you can't have the label. They would not sell the labels. So they can take those labels and produce that product anywhere else if they want to. That's what I firmly believe: They had no intention of working with any government—municipal, federal or with us—to keep the plant going. That's very frustrating to me, that sometimes governments, no matter which one we are, can't stop a plant from closing if they don't want to stay open. That, to me, was a prime example. So I'm blaming no one for this.

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But I wanted to ask you a couple of things. That really had an impact on our growers. I think there were about 148 growers on the American side and on the Canadian side. It was both that were affected, who deliver their products to CanGro for canning peaches. So just a couple of short questions: One is, if you could outline some of the things that you're doing to at least help support our food processing industry. I know we took some efforts up here, and I know your office did, to try to see if we could

assist or stop the closure of CanGro. Maybe you could just touch on some of those things as well.

Hon. Leona Dombrowsky: I certainly appreciate the honourable member's story about a food processing facility that is very well known in his community, but I would also offer, indeed across the province. I heard from many people from across Ontario who were disturbed that this facility ceased to produce the quality fruit products that we have in the province of Ontario. I appreciate the opinions that have been offered by the honourable member with respect to the company and why it made the decisions that it did and so on. I certainly can appreciate that he has, because he lives in the community, I would offer, a keen sense of what in fact did unfold there, and I respect that.

What I can also say to the honourable member is that the Ministry of Agriculture, Food and Rural Affairs, because we're very concerned with the growers and the quality processed food that was not going to be processed here, along with the Ministry of Economic Development and Trade, certainly did have discussions with the previous owner of the facility to try and understand if there were programs that we had in place that might assist or enable them to keep the facility open. But clearly, it was a not a part of their business plan, and that is truly regrettable.

What I have said—I know what the Minister of Economic Development and Trade has said, the previous one, and I believe the present one as well—is that as a government, we are committed to work with the owner of this facility—there has been a purchase of the facility—should there be a plan that would promote a viable processing facility. We're very prepared to sit down and do what we can with the programs that we have available. There's no question that for—and I'm going to speak about the producers of the quality fruit product that was processed there. As a government, we have worked very hard and we've listened very carefully to their representatives to understand how best we can support them in this challenging time. The member has identified our investment in Vineland. There's no question we believe that by making investments in research and innovation, that will provide producers in the region with some strong options in terms of opportunities that they might want for the future for their land: a different fruit, a different fruit line, a hardier one. There is a wide range of considerations that are made.

I have some information here about the fact that we have worked with more than 20 stakeholder groups from across the province to stage a one-month promotion for Ontario pears. You may have encountered this promotion; it's called Pear Up Ontario—and there has been a tremendous response to this. I am going to ask the deputy minister to provide just a little bit of information, some feedback that he has received and some information around how, in the face of challenge, there are folks out there who are prepared to transition, to do things differently and are doing so with some success.

Dr. Bruce Archibald: As the minister said, we worked with our various partners in terms of rural eco-

conomic development to look at opportunities in terms of whether or not there could be a buyer for the facility and continuing on.

At the same time, we also did some work with the industry in terms of what the opportunities were for import replacement. One of the things that I found actually quite amazing is that even in peak season for peaches and pears in this province we were still importing pears and peaches from other countries, so there was a great opportunity to work at import replacement. The good news on that is that on a per acre basis, it's more profitable to sell crops into the fresh market than it is into the processing market.

The minister did make a commitment to the industry to work through our Foodland Ontario program to promote the purchase of fresh pears and peaches. We had a very successful launch of the Pear Up program. It was anticipated that there would be 3,400 tonnes of Bartlett pears as a result of the closure of CanGro that could go into this program. Because of weather conditions, it turned out that there was 2,700 tonnes actually available.

We provided some assistance to the industry to help them source out places to store the crop, but as a result, the response by the retailers and the public to purchase Ontario pears was much greater than expected and the good news was that by mid-October, all the crop had been marketed. We were able to take a crop that looked like it was going to be displaced back in the early part of the year, work in terms of promoting it for a fresh market, work with the industry, and because of a great response on the part of retailers and the public, market successfully all of the crop that was there. I think, while there's no doubt that the closure of the CanGro facility has created some real hardship down in that part of the community, that there are also opportunities.

We're also working with the industry and with the federal government to help industry look at where there are opportunities in terms of new crops and develop strategies for that, and there is a program available under the federal-provincial agricultural policy programming that will provide some assistance of \$1,600 per acre for growers who wish to remove varieties which may not be as profitable and then strategize in terms of putting in new varieties. I just want to re-emphasize for the member—this may be a surprise to him; it certainly was to me—the extent of the opportunity, even in the month of August, where we can replace imported peaches and pears that come into this province with local produce.

The Vice-Chair (Mr. Garfield Dunlop): Further questions?

Mrs. Maria Van Bommel: Minister, grains and oilseed prices have certainly improved this year over what they have been in the last few years, and a number of my farmers, in terms of dealing with the risks that they face every day, of course, make every effort they can to reduce costs and try to garner the best prices they can find. This year, livestock and horticulture have been having a particularly difficult time, and this is very typical of the agricultural cycle. It seems that when

grains and oilseeds are doing better, then the livestock and horticulture sectors are suffering more.

Could you just talk to us a little bit about the kinds of risk management programs that we have for the livestock and horticulture sectors and what we can do to help some of these farmers through this part of the cycle? As I say, this is a very cyclical nature within the agriculture sector. How would we address some of those issues there?

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Hon. Leona Dombrowsky: This has been a situation in the cattle, hog and hort sector for some years. That is why, of course, last year our government did earmark \$150 million for investments to assist and support those farmers, both directly and indirectly. Also, in the province of Ontario, we have a business risk management program, and it is one that we share with the federal government. This is a program that is applied across Canada. There is an agreement. Just recently, we committed to another five-year agreement with our federal partner and all of the other provinces that we would continue an arrangement where producers can participate in AgriStability, as well as production insurance. They apply, they have to pay a fee. Based on the dollar values that they provide, they may receive a payment, 60% of which would come from the federal government and 40% from the provincial government.

Because this is new, I want to be very clear and specific that the new suite of business risk management programs under the Growing Forward initiative includes the core programs of AgriInvest, AgriStability and AgriInsurance. If you have any particular questions about any of those, we certainly have lots of folks here today who would be happy to give you a very fulsome explanation.

The AgriInvest program is a savings account for producers, where producers deposit into an account and they are matched by the government up to 1.5% of their allowable net sales. It sort of goes to a point, I think, that we touched on earlier with another question: It is a very complicated program, and it points to a reason why the Provincial Auditor might suggest that there might be an agent that would assist producers in their application to participate in this program.

The AgriStability program is a margin-based stabilization program that replaces income for producers for margin declines of more than 15% than their historical average.

The AgriInsurance program is the new name for the current production insurance program, as I referred to it earlier, which protects producers from yield reductions and crop losses caused by adverse weather conditions and other insured perils. While production insurance relates to crops—and you did ask specifically about livestock and horticulture—if livestock producers grow their own feed, then that's how production insurance would be an additional resource for them.

Of the programs that I've talked about, AgriStability is the program intended to assist producers in dealing with the challenges of high input costs and low prices. The AgriStability program is specifically tailored to each

individual producer's situation. Program payments are based on farm financial performance and are determined from information provided by producers for income tax purposes. It's an important way to explain or demonstrate why producers do have to wait, when there is a difficult year, for payments that would be intended to support their operation for that year—because we do have to wait for that tax information to be submitted. When producers come to us for rather immediate or emergency assistance, they sometimes suggest that governments use other vehicles than this vehicle to deliver program dollars, because of that time situation.

The Vice-Chair (Mr. Garfield Dunlop): We have a minute left if you've got a quick question that you want to ask the minister.

Mr. Lou Rinaldi: No. If it's just a minute, that's okay.

The Vice-Chair (Mr. Garfield Dunlop): Okay. Thank you very much, Minister, and to the government members.

Back to Mr. Hardeman for the third party.

Mr. Ernie Hardeman: Thank you very much, Madam Minister. I want to just quickly go back to the situation in Niagara and the problems that we had with the closing of industries. Obviously, that's not the fault of the Ministry of Agriculture, Food and Rural Affairs or the people in Niagara. But in June 2007, the ministry did give \$3.8 million to help the people who were affected by the Cadbury Schweppes plant in St. Catharines when it closed and they couldn't get rid of their juice grapes. The ministry came up with the money to help remove the grapes from the vineyards, to help those producers, but in British Columbia a similar situation took place and they also included money to help replant the trees. There have been questions from the grape producers as to why that wasn't included in Ontario's program so they could get into wine grapes or some other commodity that they could grow on that soil. Whether you have juice grapes or nothing on that soil, everything remains the same unless you can find another crop that's going to produce some revenues.

I wonder, if you have a plan to help with that, if you could enlighten us as to what that might be, what these people are supposed to do now that they've had their grape vines taken out and they can't afford to proceed from there.

Hon. Leona Dombrowsky: I thank the member for the question and I'm going to ask my deputy to provide some information in terms of the various programs that have been in place to assist producers.

With respect to the closure of the Cadbury Schweppes facility, it did mean that there was no longer a demand locally for juice grapes. The dollars that came from this province were to assist with the cost of pulling out. Over the course of time, many of the juice grape growers had already begun to transition to the production of other fruits that would enable their business operations to be profitable. We continue to be of that mind and will continue to support those kinds of investments.

When we speak with leaders from that sector, again, they make it very clear that the very best way a government can support the industry for the long term is by investing in research and innovation. So I appreciate that there have been jurisdictions in other parts of Canada that have chosen to support their industry and make investments in different areas. I would offer that there has been no province in Canada that has had the commitment or made the investment in the area of research and innovation as in the province of Ontario, particularly as it relates to the vineyard and tree fruit industry. That is where we chose to focus our investment, in the Vineland Research Station, because producers in the region would say that they want the kind of research behind the product they would invest in that they can be confident will deliver profits for their operation.

Mr. Ernie Hardeman: Thank you very much, Madam Minister. I just want to point out that the question was in fact from the chairman of the Ontario Tender Fruit Producers Marketing Board. It wasn't my question; they wanted to know whether there was an approach in place to deal with that.

The other thing that they were wanting to know, and we heard about it from Mr. Craiton, was about the content rules and the fact that in wine—and again, that's the other side. If we planted the vineyards with wine grapes, we would have more of those, but we have this problem that wines with 75% locally grown product can be labeled "Product of Canada," and for "cellared in Canada," you only need 30% of Ontario grape juice in the wine. The question was, would the minister support moving that number up so in fact we could use more of our own grapes?

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Hon. Leona Dombrowsky: First of all, I want to make it very clear that I'm aware of what the individual that the member referred to has asked for, but I thought that I was providing for the member—yes, we get lots of asks, as the member would know, having sat in this chair. So it's a matter of balance. We do need to consider, if we have X amount of dollars, where we want to make those investments. With respect to the Vineland committee that brought recommendations to me, there was a farmer from Vineland who was also part of the shaping of those recommendations.

With respect to the wine content act, I think that our government has made it very clear: We want to promote Ontario products. With respect to labelling, I think, as with the response that I provided to the member from Kenora-Rainy River, much of that is a federal responsibility.

The changing of the wine content act happened because grape growers asked us to change it. The reason why that happened: There were two years in the province of Ontario after the year 2000—I think it was 2003 and 2005—when there were short crops, which meant that the grape growers were not able to meet the commitment that they had; the grapes that were raised were not sufficient to meet the content that was identified in the act at that time. The grape growers recognized that for the wine

producers, many of these producers produce VQA, and in order for them to maintain their VQA stock and still do some of their cellared work, there needed to be some changes. So the grape growers were very supportive of that. I have to say, at this point in time, it's my understanding—and we will continue to work with the grape growers and the wine council—with respect to the wine content act as it is now, it is because the grape growers, the growers of grapes in the province, have asked that it would be there.

Mr. Ernie Hardeman: Madam Minister, you mentioned the VQA, but my understanding is that in fact VQA is all Ontario grape.

Hon. Leona Dombrowsky: That's correct.

Mr. Ernie Hardeman: So it has no bearing on this—it has to be 100% Ontario to be VQA?

Hon. Leona Dombrowsky: Yes. Well, it's very difficult to say it has no bearing, because it can happen that the grapes that are used for VQA—they are all from Ontario. Some of the producers that produce VQA also produce cellared. In order for them to maintain their VQA, it meant that in order to produce their cellared, they needed to include more product that didn't come from Ontario.

Mr. Ernie Hardeman: Thank you. The other thing, and I think it was mentioned earlier, too, from the other side, is the issue of the support program for horticulture, what was the self-directed risk management program prior to CAIS and the agriculture policy framework coming into play that was signed by Minister Peters and Minister Vanclief a number of years ago.

At that time, all parties agreed that the market revenue program for grains and oilseeds and the self-directed risk management would stay in place and that the two groups should go out and develop a program that would fit with the CAIS program, and then that would be implemented. I think at the time it was suggested to the horticulture people that the self-directed risk management would stay in place until such time as the replacement program was designed and implemented.

My understanding is, and I stand to be corrected, that for the year 2006-07, the self-directed risk management is still in place, but there is no word yet on what we're going to do for 2008. Is that correct?

Hon. Leona Dombrowsky: I'm going to ask the deputy to respond, but I also want to comment.

Dr. Bruce Archibald: The intent of the self-directed risk management program was that there were many small horticultural commodities that didn't have enough acreage to have a viable production insurance program, or AgriInsurance program under its current name. That's why the concept of a self-directed risk management program was put in place in the first agriculture policy framework. There has been considerable work done by Agricorp and the industry to try to develop programs for more horticultural commodities. For many of them, there are ones in place now that weren't when the APF was first developed.

Because there were still a number of commodities that didn't have viable production insurance programs, the

province committed to extending self-directed risk management for horticultural crops for our 40% share and asked the federal government to match it. To date, the federal government has not done that. We are currently in discussions with the federal government in terms of the specifics of the Growing Forward agreement, which is the next generation of the ag policy framework, in terms of various programs we can put in place. There isn't a program in place for next year at this time, although there are still discussions in terms of how much flexibility there will be. To date, the federal government has not been a willing partner with us in terms of the SDRM program.

Hon. Leona Dombrowsky: Also, with respect to the self-directed risk management program, I'm very happy that the member brought this up. With respect to the pullout program, we did provide self-directed risk management when no other province did, so I would offer that. The industry has had some opportunity to make investments in a replant with provincial dollars.

Mr. Ernie Hardeman: I just want to go back to the self-directed risk management program as it existed. My understanding is that in 2006 and 2007, it was paid out as it always had been. Is it only for 2008 that we're having trouble with the federal government being a partner in it?

Dr. Bruce Archibald: No. For the last two years, the federal government has not participated, so only the provincial share, 40% of the eligible calculation, has been paid. For the 2006 and 2007 production years, only 40% of the program has been paid, and the federal government has not matched us on that program.

Mr. Ernie Hardeman: Is the provincial government now not going to pay to 2008 at 40%?

Dr. Bruce Archibald: We're still in discussions with the federal government in terms of the implementation agreement for Growing Forward, so I don't think a decision has been made at this time.

Mr. Ernie Hardeman: I guess I'm not getting my question quite clear enough. In 2006 and 2007, the ministry paid 40% and the federal government did not pay.

Dr. Bruce Archibald: Correct.

Mr. Ernie Hardeman: In 2008, we're in discussions to try to get 100% as opposed to 40%, but the provincial government has not yet committed its 40% either?

Dr. Bruce Archibald: We haven't actually completed the implementation agreement on any of the programs.

Mr. Ernie Hardeman: If it was just the 40%, you wouldn't need an agreement. You could just give the 40%, as you did in the other two years; you didn't have an agreement for that either.

Dr. Bruce Archibald: No, but we did ask for credit for our contribution in those areas. They chose not to participate with us, but as part of our negotiation, we said we wanted credit for those expenditures in the overall 60-40 envelope. Every single program doesn't have to be 60-40, as long as at the end of the day, for all the programs in aggregate, we pay 40% of the cost and the federal government pays 60% of the cost.

Another example you mentioned was the special program we did for the pullout of juice grapes, the concords and labruscas. We paid 100% of that cost. The federal government gave us credit for that in future programming. Because we needed to move very quickly, that was part of the negotiation we had with them, but we haven't completed the negotiations yet on the current implementation agreement.

Mr. Ernie Hardeman: Did I just hear that if you get credit, then in the big picture you balance it all out and on total expenditures it will come out that the provincial government pays 40% and the federal government pays 60% of the total package? Is that what credit means?

Dr. Bruce Archibald: You have to get their approval—

Mr. Ernie Hardeman: But when you have their approval, credit means the balance at the end of the big picture; the provincial government pays 40% and the federal government pays 60%. Is that right?

Dr. Bruce Archibald: Yes.

Mr. Ernie Hardeman: So that would mean that if you put it all together in a big basket, and when you get through you take it out and lay it on the table, we've spent 40% and the federal government has spent 60%?

Dr. Bruce Archibald: In fact, we've spent more than 40%, in Ontario's situation.

Mr. Ernie Hardeman: If you've spent more than 40%, then why do you need the credit?

Dr. Bruce Archibald: If we don't get pre-approval for it, then you put at risk whether or not they're going to let you put it to credit.

Mr. Ernie Hardeman: But you don't need the credit, because you're over 40% anyway.

Dr. Bruce Archibald: But we always ask for them to match us on all these programs. We are still hopeful that they actually fund the 60% for the SDRM for those last two years.

Mr. Ernie Hardeman: The other issue that came to our attention is that because of the closing of the processing plants in Niagara, particularly with the tender fruit industry, obviously we're encouraging more on-farm processing and direct marketing and so forth, but there's a lot of concern about the taxation that applies; as soon as the farmer starts doing that, all of a sudden municipalities have the right to charge industrial or commercial tax on that property.

Has the minister done anything to try to solve that problem? I know it has been solved for maple syrup and for a number of other things, but it hasn't been for the tender fruit sector. I wonder if there's anything in the works to do that.

Hon. Leona Dombrowsky: I thank the member for the question, because it is an important one. He is very correct when he identifies that industry partners and our government do all we can to encourage and support on-farm value added; there's no question that that does add to the viability of any farm operation.

We have been, and continue to be, in discussions with the Ministry of Finance around the treatment of various farm facilities that assist in and support value-added

operations on farm. I'm going to ask the deputy as well if he would just comment. There have been some announcements as well with respect to some tax relief; for example, for producers who look to construct facilities that would assist them in storage of food products.

Deputy, would you just like to add to that, please?

Dr. Bruce Archibald: As agricultural businesses become more innovative and get into different areas, the challenge, I think, for the folks who are doing assessments is that there is no typical farm, and as they diversify, you have to look at various segments of the farm operation. The Ministry of Finance and the folks who are doing assessments are trying to establish criteria that will help guide the assessment. But there are still a fair number that are done on a case-by-case basis as you start to examine whether or not it's cold storage or a packing line or a storefront, and which and how much of those areas should be taxed at various kinds of rates. The other area we have been working on is to try to work toward consistency across various municipalities in the province so that the guidelines can be used to help give some direction as people do assessments.

Mr. Ernie Hardeman: Thank you. I just want to finish with the presentation I got from the tender fruit industry. We've been talking a lot about programs that would help in the transition and so forth. I think this is rather noteworthy: "Our growers are not looking for a chance to get out of business. We are looking for programs to support and stay and expand our industry." I would just encourage the minister and the ministry to look at life in that vein as we look at some of the needs of the tender fruit industry.

The Vice-Chair (Mr. Garfield Dunlop): Thank you to the member of the official opposition.

There are about seven minutes left until the vote is called in the House, and Mr. Hampton has suggested that he would prefer not to start right now. If we adjourn now, that will mean we will have two hours and 40 minutes left and we have a two-hour time frame tomorrow. Is everyone happy with that? We'd either condense our time tomorrow or—

Interjections.

Mr. Ernie Hardeman: If there's 40 minutes left, we can't fit it in tomorrow.

The Vice-Chair (Mr. Garfield Dunlop): Unless some people agree to stand down their time. That's the only thing we'd have—

Mr. Ernie Hardeman: Not likely.

The Vice-Chair (Mr. Garfield Dunlop): If that's okay with everyone—maybe we'll have a little warmer building tomorrow.

Mr. Ernie Hardeman: Mr. Chairman, just before we leave, I wonder if you would be so kind as to check to see if we've worked hard enough today to get heat tomorrow.

The Vice-Chair (Mr. Garfield Dunlop): I think we've tried hard.

This meeting is adjourned until tomorrow at 4 o'clock.

The committee adjourned at 1744.

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Ms. Christine Kuepfer, director, farm finance branch

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