



**HOUSE OF COMMONS
CANADA**

**POTATO CYST NEMATODE
IN QUEBEC AND ALBERTA**

**Report of the Standing Committee on
Agriculture and Agri-Food**

**Larry Miller, MP
Chair**

MAY 2009

40th PARLIAMENT, 2nd SESSION



The Speaker of the House hereby grants permission to reproduce this document, in whole or in part for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

If this document contains excerpts or the full text of briefs presented to the Committee, permission to reproduce these briefs, in whole or in part, must be obtained from their authors.

Also available on the Parliamentary Internet Parlementaire: <http://www.parl.gc.ca>

Available from Communication Canada — Publishing, Ottawa, Canada K1A 0S9

**POTATO CYST NEMATODE
IN QUÉBEC AND ALBERTA**

**Report of the Standing Committee on
Agriculture and Agri-Food**

**Larry Miller, MP
Chair**

MAY 2009

40th PARLIAMENT, 2nd SESSION

STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

CHAIR

Larry Miller

VICE-CHAIRS

Hon. Mark Eyking

André Bellavance

MEMBERS

Alex Atamanenko

France Bonsant

Hon. Wayne Easter

Randy Hoback

Pierre Lemieux

Blake Richards

Bev Shipley

Brian Storseth

Francis Valeriote

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

CLERK OF THE COMMITTEE

Isabelle Duford

LIBRARY OF PARLIAMENT

Parliamentary Information and Research Service

Frédéric Forge, Analyst

Mathieu Frigon, Analyst

THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

has the honour to present its

FIRST REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied Potato Cyst Nematode and has agreed to report the following:

On 2 April 2009, the Standing Committee on Agriculture and Agri-Food considered the matter of the assistance offered to producers affected by the discovery of Potato Cyst Nematodes (PCN) in Quebec. The Committee also considered the matter of the protocol to remove regulatory controls for PCN affected fields in Alberta once PCN is no longer detected.

1. Given that:

- producers affected by the discovery of PCN in Quebec received approximately \$6.6 million in government assistance to compensate for losses in the 2006 crop year;
- in the 2007 crop year, special provisions implemented under existing federal programs (Agri-stability) provided an additional \$1.3 million to producers to cover for their losses;
- infected land will not be suitable for many decades for potato production and other high value crops such as tomato, and that farms will therefore need complete restructuring in order to migrate towards different types of production;
- In addition to the compensation for revenue losses (\$6.6 million in 2006 and \$1.3 million in 2007), the federal and Quebec governments agreed to offer producers a payment of \$5 million to assist in the transition of the 21 affected farms, which brings the total assistance up to \$13 million (an average of \$600 000 per farmer);
- the \$5 million proposal is not about compensating farmers for future lost revenue, but rather a transition payment, which provides affected producers with all the flexibility needed so that each farm can undertake the most appropriate transition, depending on its particular situation.
- this amount of \$5 million was calculated using a model based on a three year transition period as agreed by both levels of governments;
- instead of the \$5 million transition payment, representatives from affected producers asked for \$24 million to assist in the transition; and that

- the amount of \$24 million represents 78% of the estimated costs of a transition plan calculated using a 10-year transition period;

The Standing Committee on Agriculture and Agri-food recommends that the federal government renegotiate with the Government of Québec payment of the requested financial assistance of \$24 million, representing less than 80% of estimated costs of \$30.7 million for a 10-year transition plan.

2. Given that:

- in October 2007, two Alberta farms tested positive for PCN, and follow-up testing has indicated that PCN was not present in any other fields of the two affected farms;
- the Canadian Food Inspection Agency (CFIA) implemented strict regulatory measures on the implicated farms, and placed affected lands under a “Notice of Prohibition or Restriction of An Activity,” prohibiting potato seed production and restricting movement on regulated land;
- the federal and Alberta governments have paid \$16 million in compensation for the losses incurred with the destruction of the 2007 crop;
- after the completion of intensive soil testing, the CFIA was unable to replicate a positive reading for PCN in the Alberta fields where the pest was first detected in 2007;
- these non duplicated test results have resulted in severe economic hardship not only for the two implicated farms but for the entire Alberta potato industry, which was not allowed to export seed potatoes to the United States between October 2007 and January 2009;
- Canada has taken all actions necessary to comply with the U.S. import requirements for Alberta seed potatoes. CFIA has increased laboratory analysis and has completed the delimiting survey and as a result, 37

farmers in Alberta were able to resume export of seed potatoes to the U.S. in January 2009.

- current protocols do not have clear guidelines to remove regulatory controls and allow lands that were identified as positive to return to production;
- the CFIA negotiated with the United States new guidelines that will allow the removal of regulatory controls from a field after two negative test results from separate intensive surveys;
- these guidelines are now in the hands of the Canadian and U.S. industries for their comments; and that
- current directives do not allow the time needed for businesses to re-establish their previous market conditions.

The Standing Committee on Agriculture and Agri-food recommends that the government keeps working closely with the United States to finalize and establish as soon as possible clear protocols for the removal of regulatory restrictions on fields no longer infected with Potato Cyst Nematode and consequently remove the regulatory controls on the implicated Alberta fields, in order for farmers to resume potato production and maintain their business.

The Standing Committee on Agriculture and Agri-Food also recommends that the government changes the directives in the Agri-stability program reference margins for those implicated farms whose business has been adversely affected by CFIA regulations. The affected farms reference margins will be frozen at 2006 levels for five years while the farm business is given the opportunity to return to profitability.

3. Given that:

- in her December 2008 report, the Auditor General of Canada offered her opinions on the effectiveness of CFIA in controlling plant pests, notably

- that the CFIA faces a number of challenges in assessing the risks posed by invasive plants, pests and diseases;
- the Auditor General of Canada told the Committee her report only deals peripherally with plant health emergencies like nematode and mostly focuses on efforts to keep invasive species out of Canada.
 - CFIA agreed to the recommendations in the Auditor General's report, and reconfirmed its commitment to abiding by these recommendations before the committee;

The Standing Committee on Agriculture and Agri-Food recommends that the Canadian Food Inspection Agency respect its commitments with regards to the recommendations in the December 2008 Auditor General of Canada report and provide the Committee with its action plan to achieve these objectives.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p>AMA-Terre Philippe Gemme, President and Farmer</p> <p>Canadian Food Inspection Agency Martine Dubuc, Vice-President, Sciences Paul Mayers, Associate Vice-President, Programs Cameron Prince, Vice-President, Operations</p> <p>Department of Agriculture and Agri-Food Greg Meredith, Assistant Deputy Minister, Farm Financial Programs Branch Susie Miller, Director General, Food Value Chain Bureau, Market and Industry Services Branch</p> <p>Fédération des producteurs de pommes de terre du Québec Bernard Belzile, Consultant Denis Bilodeau, Second Vice-President of the Union des producteurs agricoles Adrien Gemme, Administrator, Board of Director</p> <p>Northbank Potato Farms Ltd. Cecil Goutbeck, Owner Ernie Van Boom, Owner</p> <p>Office of the Auditor General of Canada Sheila Fraser, Auditor General of Canada Neil Maxwell, Assistant Auditor General Dale Shier, Principal</p>	2009/04/02	13

APPENDIX B LIST OF BRIEFS

Organizations and Individuals

AMA-Terre

Fédération des producteurs de pommes de terre du Québec

Northbank Potato Farms Ltd.

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings ([Meetings Nos.13 and 16](#)) is tabled.

Respectfully submitted,

Larry Miller, MP

Chair

Dissenting Opinion – Conservative Party of Canada

Nematode was discovered in the St-Amable area of Quebec in the fall of 2006, and in northern Alberta in 2007. Nematode is a serious risk to the international trade of commodities associated with soil, so every precaution must be taken to prevent the introduction and spread of this plant pest. Quarantine measures have been undertaken to contain and eventually suppress the pest. These measures have helped to restore market access for potatoes into the United States, which is a major market to Canada. In highly infested regions, the Canadian Food Inspection Agency (CFIA) restrictions are in place for decades as nematode is extremely difficult to eradicate. This is expected to be the case in St. Amable, as a result of the high the level of infestation (golden nematode) and the size of the area affected. The infestation is still under investigation in Alberta.

Alberta:

Canada has taken all actions necessary to comply fully with the U.S. import requirements for Alberta seed potatoes. CFIA has increased laboratory analysis to surge capacity and has completed the delimiting survey. In total, the CFIA, with the support of Canadian seed potato growers and other stakeholders, tested approximately 44 500 soil samples related to the 2008 survey. As a result, in Alberta (37 farmers) were able to resume export of seed potatoes to the U.S. in January, 2009. This does not include potatoes produced in the regulated areas (two farm units in Alberta associated with the potato cyst nematode (PCN) detections). Affected farmers have been compensated. In total, 39 farmers, including the two farms with infested fields, received \$16M in federal-provincial assistance.

The Government of Canada is working closely with the U.S. to revise the PCN guidelines, and hopes to reach agreement soon on the process for deregulating lands in Alberta.

Québec:

The federal government is working with the provincial government of Québec on the issue of compensation. Since the disaster, both governments have provided assistance to address extraordinary costs incurred by potato farmers such as potato disposal, cleaning and disinfection and immediate transition costs. These costs were covered under the Golden Nematode Disaster Program, in addition to assistance provided by the Canadian Agricultural Income Stabilization (CAIS) program and the Plant Protection Act. Total government assistance related to the 2006 crop year amounted to \$6.6 million. For the 2007 crop year, special provisions were implemented under AgriStability to maintain margins at their historic levels (potatoes, crops with higher margin per hectare) when they were mainly cultivating corn/soybeans (crops with lower margin per hectare). AgriStability payments were increased by \$1.3 million due to this waiving.

Governments also offered a final transition payment of \$5M, which brings the total assistance for the 21 affected farms to up to \$13M (average of \$9700 per hectare, or average of \$600,000 per farm). After significant analysis and discussions, both levels of governments have agreed that transition assistance is warranted to help these farms make the necessary changes to their farm operations.

In February 2009, the program proposal for transition assistance, which was developed jointly by the federal and the Québec governments, was shared with potato farmers. This assistance will help them with the extraordinary costs related to the transition that are not covered by the existing programs. AgriRecovery, a framework for disaster relief that is part of business risk management programs under Growing Forward, allows federal and provincial governments to respond jointly in providing special assistance in the case of disasters. This assistance must complement the intervention programs in place, not replace them. In the case of the affected Québec farms, the affected lands are still able to produce crops and the federal and provincial governments

initiative is aimed at assisting with transition. Therefore, AgriRecovery is not designed to compensate producers for future lost revenue because they can no longer grow potatoes. The program proposal consists of a transition payment which provides affected producers with the flexibility needed to undertake the most appropriate transition. Both levels of government have agreed on a 3-year transition period under AgriRecovery. The parameters of the proposed program take into account discussions held with all provincial governments to establish the basis on which this type of assistance should be offered under AgriRecovery. Governments looked at a transition model from potatoes to corn, including various issues such as arable land and equipment and business services in order to make the transition. The proposed assistance provides significant support in helping affected farmers move forward.

In her December 2008 report, the Auditor General offered her opinions on the effectiveness of CFIA in controlling plant pests like nematodes. She explained to the Committee that her report only deals peripherally with issues like nematode and mostly focuses on threats to Canada from international borders. CFIA has reviewed and agreed with the recommendations of the Auditor General in her report. Furthermore, CFIA has reconfirmed its commitment to implementing these recommendations in testimony to the committee. CFIA has begun to implement recommendations for an effective, integrated risk-management approach to plant and plant product imports. As import volumes continue to increase, the CFIA must continuously review and assess its science, policy and operational requirements as well as its information systems to update its approach to plant health.

Therefore, the Conservative Party of Canada hereby submits the following recommendations:

1. That the federal government in cooperation with the provinces deliver a comprehensive package to producers affected by nematode

2. That the Canadian Food Inspection Agency (CFIA) respects its public statement with regards with the December 2008 Auditor General report and continues to implement the recommendations therein.
3. That the Canadian Food Inspection Agency (CFIA) keeps working closely with the United States to finalize the new proposed PCN guidelines.