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Mr. Paul Steckle

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• (1535)

[English]

The Chair (Mr. Paul Steckle (Huron—Bruce, Lib.)): I'm going to call our meeting to order. We're deviating from our past number of meetings, from Bill C-27, to looking at the CAIS issue, our bankers, and how bankers have an impact on the farming community through CAIS.

Before we do that, we have one motion that we need to deal with, which has been duly put forward. There is also a matter of budget, which pertains to witnesses who are coming before us on Thursday.

We will quickly look at the motion that was put forward by a colleague, Mr. Angus.

Do you want to quickly speak to the motion, Mr. Angus?

Mr. Charlie Angus (Timmins—James Bay, NDP): Well, I think it's fairly straightforward. It's in keeping with the direction that we've been going in.

The Chair: I'm sorry. Before we speak to the new motion, we have to ask you to withdraw the old motion.

Mr. Charlie Angus: Yes, I will.

The Chair: Okay. Do you withdraw it?

Mr. Charlie Angus: I withdraw the old motion.

The Chair: Do you accept the withdrawal? Is everyone in agreement with that.

(Motion withdrawn)

The Chair: We can now speak to the new motion.

Mr. Charlie Angus: I basically see it as a housekeeping motion in terms of dealing with appointments that come under areas that our committee might deal with. Other committees have adopted this motion as well. It's to ensure that we are getting the best people for the job, and if people come forward, we can give our full endorsement. I think it's fairly self-explanatory.

The Chair: Is anyone speaking to the motion?

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Yes. I'm speaking against it, Mr. Chair. I read the motion. We've been talking about this for a long time. The Prime Minister has made his points on it as well.

It's my view that if we want to go to the American style of system, we should do it fully and not in parts. I think this is moving in the direction where it becomes political when individuals come before this committee, whether it's this government or any other. As a result,

I think it will be nearly impossible to get some good people to come into the system.

The Chair: Mr. Ritz.

Mr. Gerry Ritz (Battlefords—Lloydminster, CPC): Mr. Chairman, I don't have a problem with the intention of the motion. I have a concern in paragraph four with "unless it unanimously decides". I have a bit of a problem with that. We are masters of our own destiny, as we always talk about, but we don't do things unanimously very often. There is consensus building and so on, but I have a bit of a problem with that.

The Chair: In preparation for the question, what I have indicated is rather than the word "unanimously", simply put some context to this motion with "upon majority" following the words "the Committee", so it would read: "...the Committee, unless upon majority, may call for review of any or all nominees while the House of Commons is in session". We basically should not need unanimous consent. We're doing this in reverse.

Mr. Angus.

Mr. Charlie Angus: I totally support that change.

To reassure Mr. Easter, the intent of my motion is to ensure that we do not end up politicizing our appointments. When having a fair review, I don't think that this committee has ever gone out to trash or shred the reputation of anybody who has come before us. I think we have to establish that the appointments coming forward are being done because these people are the best for the jobs, not because it's who you know in the PMO.

I think this motion will be something that we could say is very non-political in nature. We are making sure that the best person is coming forward and is reviewed. I'm perfectly willing to live with the majority decision.

The Chair: Is there anyone else?

Does everyone understand the change we've made here?

With the majority, we may call for a review of "any or all nominees while the House of Commons is in session". That takes away "unanimously", because it simply doesn't fly with the committee.

I'm not suggesting that the motion should carry based on that, but it at least makes it palatable.

Mr. Charlie Angus: Yes.

The Chair: I'm going to call the question. Do you want a recorded vote?

Mr. Gerry Ritz: Sure.

The Chair: Yes?

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Chair, is it with the amendment?

The Chair: It would be with the amendment.

(Motion agreed to: yeas, 6; nays, 2 [See *Minutes of Proceedings*])

● (1540)

The Chair: The second issue we need to deal with has to do with the budget proposal for \$12,300, which would have to go before the Liaison Committee this Thursday for us to get it approved. This has to do with bringing witnesses from the Canadian Grain Commission before our committee on Thursday.

Mr. Gerry Ritz: Are they actually coming?

The Chair: Yes, they're coming. But we have to take care of their issues.

Do we have a motion to support that budget?

Mr. Miller, seconded by Mr. Easter.

(Motion agreed to)

The Chair: The other motion you have before you is not going to be dealt with today, because Mr. Gaudet is not here, and it would take a different type of motion, given that it may be too late to do the semantics on that for the conference we presumably would be attending. Anyway, we'll entertain that whenever the time comes.

From the Canadian Bankers Association, we have a number of people today. Though I haven't looked at the names particularly closely, at least one of them has been with us before, and that's Mr. Campbell. We've had occasion to meet with him. And Terry Campbell is vice-president of policy with the Canadian Bankers Association. From the Bank of Nova Scotia, we have Bob Funk, vice-president of agriculture. We have with us, from the Bank of Montreal, Don Wither, director of business banking. We have, from the Canadian Imperial Bank of Commerce, Robert Paterson, senior vice-president, small business banking. And from the RBC, the Royal Bank, we have Brian Little, national manager of agriculture and agribusiness. And from the TD Bank Financial Group, I believe Mr. Dave Marr is here, senior adviser on community, rural and agricultural issues.

We welcome you to the committee.

Mr. Campbell, are you first?

Mr. Terry Campbell (Vice-President, Policy, Canadian Bankers Association): Indeed I am.

Mr. Chair and members, thank you very much. On behalf of the members of the Canadian Bankers Association, I'd like to thank the House of Commons Standing Committee on Agriculture and Agri-Food for inviting us here today. We're looking forward to a wide-ranging discussion, and there will probably be a lot of topics covered.

In our opening remarks, we'd like to focus on the question of BSE and our relationship with clients affected by the border closure.

Chairman, I think it's fair to say that this issue has been challenging for everyone involved in the beef industry in Canada, including lenders. When the first case of BSE was discovered in May 2003, I don't believe any of us would have imagined that nearly two years later we would still be talking about when and whether the border would reopen.

Since the discovery of that first case, the banking industry has been working with the government, the beef industry, and our clients, as closely as we can. Canadian banks reassured beef industry clients that they would show patience, they would work with them on a case-by-case basis to help them through the crisis, exploring all options available to assist them. Since the border closed, we've had discussions with federal ministers of agriculture as well as provincial ministers of agriculture across Canada, to share information on how the banking industry is addressing the crisis, dealing with their concerns, and addressing their questions.

In addition, we previously appeared before this committee, as well as before the Senate agriculture and forestry committee, to discuss BSE and related issues. We've had discussions with the Canadian Cattlemen's Association, virtually on a monthly basis and sometimes more frequently, to share information about the state of the beef and cattle industry in this country.

Banks have tried to make every effort to work with their clients and to craft measures that would help sustain them until the market conditions improve, measures like debt restructuring, principal deferments, loan consolidations, interest rate relief, and other similar actions designed to give producers as much financial flexibility as possible and to ease the strain on their cashflow. From the point of view of a bank, farm failure is the worst possible outcome. Banks do not want to own productive farm assets. Bankers take every reasonable step to help those assets stay where they are most productive, that is, with producers.

The reality is that no amount of credit or assistance can replace a functioning market. Have some farms failed because of the border closure? Yes, they have. Will others fail because of financial strain before the industry is able to regain its strength? Probably. While the banks are giving every consideration to clients who are in difficulty because of the border closure, an unfortunate but inevitable consequence of this protracted market disruption is that some farms have failed, and others will. At the end of the day, however, the key outcome that we can see resulting from everybody's efforts—from the efforts of producers, of governments, of suppliers and lenders—is that Canada still has a beef and cattle industry with all of the elements in place to allow it to regain its strength and re-establish its international presence. Indeed, that was the goal of the cattle industry's own BSE plan, to maintain a viable cattle and beef industry in Canada.

We're encouraged by the prospect that U.S. import restrictions may be relaxed. However, while the relaxing of the border restrictions will certainly help, and we certainly hope it does come through, it will not necessarily signal the end of the BSE issue for Canadian producers. Most notably, the USDA rule does not cover all products. As you will know, the breeding stock are not included in the USDA rule and will need to be addressed in a subsequent rule. In addition, the rule does not permit the importation of cattle over 30 months, or beef from cattle over 30 months. Clearly, then, for dairy and for beef producers holding older animals, the issue is far from over.

Notwithstanding these gaps, reopening the border to younger cattle, and expanding the range of beef products that can be shipped to the United States will help the Canadian cattle and beef industry financially. It will also provide, we think, a much needed boost in morale to farmers across the country.

Going forward, the beef industry is going to need the assistance of governments at all levels to rebuild its financial strength and re-establish export markets. As you know, a substantial amount of equity has been drained from this industry. Producers will need assistance to strengthen their balance sheets. Farmers with older animals may need assistance in finding markets for those animals, or alternatively in disposing of them. The Canadian beef industry is going to need help to re-establish its position in international markets, and to strengthen its brand in the minds of foreign buyers. These are the areas that will need to be the focus of the government's going forward. We would encourage the government to work closely with the beef industry through this rejuvenation phase.

• (1545)

From our side, the banking industry is committed to working with beef producers, government, and parliamentarians as the industry rebuilds. As part of that, as you may know, we have been working to help design the contribution agreements necessary to implement the loan loss reserve program for investments in beef processing facilities.

In summary, Mr. Chair, we have now been working with our clients for nearly two years to help them through this problem, to address the challenge, and we're not going to stop now. I want to thank the committee, on behalf of my friends and colleagues here, for the opportunity to share with you the banking industry's thoughts about BSE. We're looking forward to having a dialogue with you and your colleagues.

Thank you very much.

The Chair: Thank you, Mr. Campbell.

Do any of your colleagues have any opening comments?

Mr. Terry Campbell: I think we'll probably go right to questions and have a chat.

The Chair: Okay, we'll do that, then. As I indicated, when you're prepared to respond, just raise your hand, and your red light will go on.

We'll start with Mr. Ritz, from the official opposition, with seven minutes.

Mr. Gerry Ritz: Thank you, Mr. Chair.

Thank you, gentlemen, for appearing before us again today. It's great to revisit some of these issues.

I guess the biggest question everybody wants answered is whether the border is going to open on March 7. What's your best guess? Do you have any feelers out in the U.S.? I mean, you're all interconnected across the border.

Mr. Terry Campbell: We were hoping you folks would tell us, but I'll canvass my colleagues.

Mr. Gerry Ritz: That leads into my second question: if it doesn't, where do we go from here?

Mr. Terry Campbell: Where do we go from there?

Mr. Gerry Ritz: Ad hoc programs are being kicked around again by farm groups. In your presentation, Terry, you mention the government is going to have to step up and do more. To that end, we're also talking about the overall CAIS program here today—it's not just the BSE that's affected; grains, oilseeds, and so on, have also been affected. There's no black ink on the vast majority of farm ledger sheets.

How would you rate existing programs on a scale of 1 to 10? Have we covered off anything at all? Are you guys seeing some financial ease on your files? Have they been helpful? On a scale of 1 to 10, where would you rate them?

• (1550)

Mr. Terry Campbell: You have a couple of questions there. Are there any comments on border opening? Then we'll go to your questions about the programs. What's our sense, gentlemen?

On the border opening, maybe I'll lead off, and any of my colleagues can join in. Our sense is the American administration is sending all the right signals; they have said it is their intention. In the near term, I think it all really hinges on the R-CALF injunction and what's going to happen to that. We understand the decision will be made on March 2. Short of that, the signals seem to be positive, but I think much is going to depend.... If there is an injunction, our understanding of the system, Mr. Ritz, is that the injunction would delay the border opening.

It's also probably fair to say that even if the border opens on March 7, as I hinted in my remarks, it doesn't mean we snap our fingers and a switch is thrown. I think implementation plans will have to be worked out, implementation protocols. Some products aren't covered; further negotiations are going to have to be done. So it's going to be a phased process, even under the best of all possible situations.

Mr. Gerry Ritz: That leads us into the next part of the question. We're going to need other programs. Farmers are out there carrying a tremendous amount of debt—more than they ever have in history. You guys are backstopping a lot of that debt. Are you happy with the existing programs? Are they getting the financial crisis under control, or are we going to have to step up to the plate with more dollars and deliver them differently? The dollars pledged have been adequate, but they haven't gone out. Are you seeing that on your files?

Mr. Bob Funk (Vice President, Agriculture, Bank of Nova Scotia): I'd like to take a run at that. We understand the amount of uncertainty that's out there. We wish the border would open on March 7, the permits would start to flow on March 8, and trucks would start to go on March 9. We know the timeframes will be longer than that. We know that clients are going to continue to have needs that are special to this circumstance.

We also are aware that part of what helped us to be supportive to the industry to the degree we have been is the fact that there has been a dialogue between the government and the banks and other financial institutions to make sure we understood what they were doing to support the industry and that programs that were developed were intended to make sure that clients' balance sheets, from a working capital standpoint, could be supported. We feel that has been a good piece in helping us to not have a wreck. We have a system that has continued to work. We have clients who are still optimistic about a functioning marketplace. Their goal, more than new programs and so on, is to have a re-emergence of market signals that can be relied on.

When we look at where we go from here, any actions that are taken in the future will be less about putting money into this than about making sure the market begins to flow. I don't think a lot of cattle will flow on day one or day two. But as soon as the markets can converge, then it will be a better world for those producers.

Mr. Gerry Ritz: So you're restating that you're in here for the long haul.

Mr. Bob Funk: Yes.

Mr. Gerry Ritz: Good. That's always good to have on the record.

I know it's tough to judge the programs that are out there, but I'm getting calls from farmers who aren't able to go back to their lending institution—and a lot of that is still you folks—for their line of credit this year, because last year's isn't cleared off and they have debts that have accumulated on their input costs—fuel, fertilizer, chemical, hay, whatever—on the beef side. Where do they go? Where do they turn? It's great to say you're in for the long haul, but the rubber is meeting the road here. We're not asking you to dig deeper. We're asking, what does government have to do to give us that transition period to backstop these guys and keep them in business and you guys in business?

• (1555)

Mr. Dave Marr (Senior Advisor, Community, Rural and Agricultural Issues, TD Bank Financial Group): I'll take a run at that. It has been a difficult time for all producers, not just the beef sector. I think a lot of sectors are feeling the hurt these days. From a government standpoint, it would help both us and the producers to provide them with some certainty as to what programs may be there to support them through the year so that they have an understanding. I think the question is, maybe not from our standpoint so much as from the producers' standpoint, do I want to risk putting more money or taking out more debt to go into it for another year when there is still some uncertainty at the end of the year?

Mr. Gerry Ritz: That's a good point.

The average age of farmers across the country is getting higher. They're farming away their equity. When do you finally pull the plug and stop? I have a lot of friends like that.

Does anyone else care to comment, or are we out of time?

The Chair: You're out of time. Thank you, Mr. Ritz.

I'll now go to Madam Poirier-Rivard.

[*Translation*]

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): Thank you, Mr. Chair. I apologize for being late. I'll ensure that everything I missed is explained to me.

Good morning, gentlemen and thanks for being here. At the first page, you say that farmers debt increased by 7.2% in 2003 compared to an increase of 8.4% in 2002. I would like to have more details on this. You note that there are four bankruptcies in the beef industry in Quebec. Can you tell me exactly what is the situation at the present time?

[*English*]

Mr. Terry Campbell: If I understand the question, madam, it's the scope of the failures and the bankruptcies. Is that correct?

[*Translation*]

Ms. Denise Poirier-Rivard: Yes.

[*English*]

Mr. Terry Campbell: I'll lead off, and perhaps I'll ask some of my colleagues to assist.

Statistics Canada will give you a picture of the overall nature of bankruptcies in the agricultural industry across Canada, and the actual numbers are very low.

From our perspective, it's very difficult to comment on how many producers are or are not going out of business, for two reasons. First of all, an individual producer will have multiple relationships with different financial institutions, and he or she may stop having a relationship with a particular institution. When the window closes on that, that's when that particular bank no longer has a relationship, but that doesn't mean the individual has gone out of business.

In terms of actual bankruptcies or failures, there are an array of issues. Individual producers can take their own decisions to change their status, to get out of the industry. There's a tremendous amount of churn in the ownership of individual farms, so it's very difficult, almost impossible, for us to say how many clients have gone out of business or gone bankrupt for any particular reason, whether it's BSE or others.

That's a very general comment. I wonder if my colleagues have anything else to say.

The Chair: Mr. Little.

Mr. Brian Little (National Manager, Agriculture and Agri-Business, RBC Royal Bank): I'd just like to add to what Mr. Campbell said. People are making some decisions out there today—because of the stage they're at in their career and life they don't want to risk that equity any further—and are quietly disappearing from the scene. In other words, they're saving their equity; they're going to cut back or scale back, or perhaps it's even time to retire and move to town. There are some of those situations evolving, and they're tied in very much with the comment Mr. Ritz made.

[Translation]

Ms. Denise Poirier-Rivard: Do you think that BSE as something to do with these bankruptcies?

[English]

The Chair: Mr. Wither.

Mr. Don Wither (Director, Business Banking, BMO Bank of Montreal): I don't think there's any question that it's aggravating the situation. In a lot of cases, though, I think you'll find there were a number of producers who were in trouble before BSE, and what it's basically done is put them under. Like with any industry, you're always going to have some producers who are not going to make it, and we're seeing that here.

I can't speak for all my colleagues, but I know that wherever possible we are trying to continue to work with them. The actual number of legal actions we take has been reduced dramatically as a result of the disaster relief program we put in place. Wherever possible, any legal action is being deferred on these, basically to keep them alive as long as possible.

But again, the final decision is very often theirs. They just decide that they no longer want to continue to run the risk.

• (1600)

[Translation]

Ms. Denise Poirier-Rivard: Farmers who are involved in the CAIS Program have to make a deposit. The first year, this deposit may represent only one third of the amount normally required. What is the average of these deposits? We often hear about something around \$250 to \$300. How do you figure out the amount farmers have to deposit?

[English]

Mr. Terry Campbell: The question is on the actual calculation of the specific deposits. I don't have the answer to that myself. I wonder if one of my colleagues can help me out here.

The Chair: Mr. Marr.

Mr. Dave Marr: We don't actually make the calculation on the amount of the deposit. The reference margin is provided by the government, the CAIS administration. Through those forums they would tell the producer how much they would have to deposit or put in a CAIS account to qualify for the specific reference margin they choose to be involved in for that program.

The Chair: We'll move to Mr. Easter for seven minutes.

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

Actually, Mr. Ritz's question on the border issue worried me. I wouldn't want to see a headline in the paper tomorrow saying the

bankers before the committee see the border not opening or something like that. I think that was a risky question.

I would put it this way. Could we not at this committee, Mr. Chair, basically agree among all the parties, including the Canadian Bankers Association, that we're all onside in this country; that the science is behind us; that our craft is playing political games in the United States; that they're using the judge in Montana to try to continue to play those political games; and that as far as we're concerned, that border should be opened forthwith, not just on March 7, and opened for all the other commodities as well, including boxed beef from cattle over 30 months old as well as beef and dairy breeding stock?

I think we should be sending that kind of message from this committee, not playing games. I wonder if there's agreement on that, Mr. Chair.

Mr. Gerry Ritz: I'll speak just to that point, Mr. Chair, if I may. We're all getting into the conversation.

The reason I asked that question is this. Let's not have our head in the sand—or up something else here. Let's be prepared for all eventualities. The bankers have a big stake in this, as do processors. That's why I'm asking, Mr. Easter.

Hon. Wayne Easter: My point, Mr. Chair, is that we as Canadians do a poor job of sending a message to the United States that we're onside and that we have the science behind us.

Anyway, let's come back to the BSE issue and the CBA presentation. On the loan loss reserve, there's no question that as a government and as a country we believe we have to increase our slaughter capacity.

I met with an individual last week from Peace River who had gone in with a proposal to the local lending institution, and the individual felt the local bank wasn't aware of the loan loss reserve. I'm just wondering what your position is on it. I know the minister has met with many of you. The loan loss reserve is really there to limit your risk, so if there's a good, viable commercial business plan, then the decision will be made on the plan and the government will be there with the loan loss reserve to cover that risk to a certain extent. Can you comment on that? In terms of the requests coming forward to you, do you see utilizing the loan loss reserve as a vehicle to backstop those loans? What's your view on that? Or is there something else we should be adding besides that?

Mr. Brian Little: Currently we are receiving some inquiries about the loan loss reserve, and we see the program as providing an opportunity. We will look at it, as the minister has said a number of times, from the perspective of the business case. It has to be financially strong, with strong management, a good marketing plan, and some financial depth to it, to enable the business to compete when the border does open. As soon as we are able to finalize the details of the agreement, then we will be passing that information along to our sales force in our branches.

•(1605)

Hon. Wayne Easter: I didn't call any of you on this, but the concern I had on the Peace River situation was that there seemed to be an indication to me—I never did get the time to fully check it out—that at the local level there wasn't an awareness within the banking system of the fact that the program is there or of how it's supposed to work its way through the banking community. This could have an impact on whether or not that local branch would in fact come in and support that slaughter proposal or at least consider it fully.

The Chair: Bob Funk.

Mr. Bob Funk: At the local branch level there'll probably be a little less awareness at this point in time, largely due to the fact that the negotiations for the agreement that needs to be signed for us to turn the key on this are still not complete. That really is the only reason local branch people would not be professing knowledge of it.

We are asking local branch people, our relationship managers, to tell agricultural processing firms or groups of producers who are thinking of getting into the processing business to make sure they have a business case that acknowledges the risks. One of the key issues that tend to get glossed over when you have difficulties in front of you is that the day the border opens, it might be a lot harder to operate that new plant than if the border were to stay closed.

That being said, the key thing is that the business case has to be sound and the equity has to be adequate, and we're encouraging people to go back to those groups and have that kind of discussion, saying you need that even before we can get to talking about loan loss reserve.

Hon. Wayne Easter: I'm sure you folks are as well aware as we are of the bad trend in farm income numbers. I've talked to some of you folks about this before. There's no question that the trend has been declining on income from the market for producers for decades, actually. It's not only isolated to Canada. Canada has certainly come in there with a fair bit of federal and provincial support to the tune of \$4.8 billion. The new numbers aren't showing a really optimistic figure, either.

Various safety nets have been put in place, including NISA and CAIS. When some people go to you, they say they're going to get such and such a CAIS payment, which does not always come through. Sometimes it does. Can you outline for us some of the problems? We are reviewing CAIS, and we're willing to look at both its good and bad points and reassess it. There's no question about that. Can you give us your views on how you see it from the other side of the desk? If a producer is going to stay in the game, then you have to be a player in that system as well. From your perspective, how could the farm safety programs be improved not only to meet the producer needs, but also the needs you see from your side of the desk?

Mr. Terry Campbell: Do my colleagues want to take a shot at that?

Hon. Wayne Easter: Or are they just absolutely wonderful? I'm sure Gerry won't agree. I think we all know they're not. But I think we need to call it as we see it, and if there is a problem, let's have it on the table.

The Chair: Mr. Marr and then Mr. Little.

Mr. Dave Marr: The CAIS program is a relatively new program, and there is still a lot of misunderstanding of the program among producers. I believe the government is doing a fairly good job of trying to educate and get everybody up to speed on that. As with probably any program that's introduced, it has its challenges. I think it's probably too early in the game to make dramatic changes to it because we really haven't seen the full impact of it. As I mentioned earlier, producers just need to understand what is there for them as they go into this next year. If the CAIS program is what they have to support them, they need to understand how it's going to work and how it would be delivered to them.

•(1610)

The Chair: Mr. Little.

Mr. Brian Little: Dave has covered some of the ground I was going to talk about. To tie in with his comments, it is a new program, and there are bound to be some bumps in the road. I bet none of us in this room ever thought we'd be faced with BSE, avian influenza, and a crop being frozen out in western Canada in the first year of CAIS. So CAIS has really had quite a load to carry this last 12 months.

When customers come in with their CAIS application, we try to validate the information with them and their accountant to make sure the receivable we're working with is fairly accurate. Yes, we have found that the cheques are a little slow from time to time, but that's just all part and parcel of a new program. It takes awhile for those kinks to get worked out.

We as a committee would love to be part of that process to work through the improvements to the program as it evolves.

The Chair: Does anyone else want to comment? Maybe we'll pick up on that through some of the other questioning.

Mr. Angus, for seven minutes.

Mr. Charlie Angus: Thank you, Mr. Chair.

I was talking this past weekend with some media contacts of mine out in Alberta, and they told me that from talking to ranchers they expect that 2005 will be the year of the bankruptcies, because the equity is gone and the people have been waiting. They've put everything they have toward holding on for two years, and still they're not going to be seeing any money until September, especially for people who are in cow-calf. It seems to mirror exactly what I'm hearing in my own region in Ontario.

You gentlemen make your living anticipating where the money is going. Are we going to see a major increase in bankruptcies in this coming year?

The Chair: Mr. Wither.

Mr. Don Wither: I've looked at a lot of the accounts we have in our special account management unit. That unit contains basically our best and brightest, and they're the ones who are working with the farmers to try to get through this crisis.

Certainly there are some who are in trouble. Some have made the decision to move off the farm. But I was very pleasantly surprised to see the strength in a lot of these cases. Yes, they required some special attention, and yes, they required additional assistance or higher margin requirements in some cases, but all in all, I was very encouraged by the results. I don't see a major walk now. Much will depend on what happens on March 7. But we're already convening a group to start to build a recovery program to replace the disaster relief program. So we're encouraged.

Mr. Charlie Angus: To follow up on that point you made about a recovery program, my concern at this point is whether we have, as Mr. Ritz says, ad hoc programs that we're throwing at this or whether we need to look at some form of debt relief or tax relief for people who have to start to liquidate inventory in order to get us through this transition period.

Is that something you think would be viable for government to be moving toward?

Mr. Don Wither: I'm not completely clear on what you're referring to when you say "debt relief".

Mr. Charlie Angus: Well, we're at a point with many of the farmers I know where they can't buy machinery, they don't have any credit left, they aren't fixing their barns, and they've fired all their staff. It's the father and the grandfather and the sons hanging on, and they can't keep up with the debt payments. So in order to get them through another year, do we have to move beyond something like CAIS and start looking at, federally, coming up to the table?

I actually have farmers who I think will be going under completely this spring because they just can't seem to maintain enough equity.

Mr. Terry Campbell: I think, Mr. Angus, that is a very broad societal question that gets into the heart and soul of what agricultural policy may be, and it's probably beyond the kinds of things that we'd be able to help you with.

Each of the banks will have their own programs as to how to deal with the distress situations, and we approach each on a case-by-case basis, looking at what the individual producer will have, how we can work with them, and what room they have to manoeuvre. But in terms of broader programs such as debt relief, tax relief, or other support programs, I think that probably goes beyond the area of the expertise we'd be able to share with you.

It's a fair question, I think, and unless my colleagues have some specifics they'd want to share, it's a question that we'll probably have to leave hanging for you.

• (1615)

Mr. Charlie Angus: I'd like to ask a practical question, getting back to CAIS and what one of you said about working out the kinks in the program.

I've probably mentioned this before the committee. I dealt with one farmer, with a 1,000-head operation, a \$1-million farm, who just before Christmas was told by the bank that they were foreclosing on a \$70,000 loan because he was three months behind. In order for him to pay that loan, it pretty much would have put him under. I had to go on Christmas Eve to meet with the bank to try to forestall them, because he had a cheque in hand. They wouldn't accept the cheque.

He had sold cattle, and they weren't going to accept it. They wanted the full \$70,000 that day, or immediately.

Do you have a protocol, as bankers, when a local bank manager decides to move on, in this case, a \$1-million operation over a \$70,000 loan? Is that his discretion, or do you have any system working within the banking system to ensure there's a review of that before such a move takes place?

Mr. Terry Campbell: Don.

Mr. Don Wither: Yes, we absolutely have a process in place to make sure that exact example doesn't occur. For any legal action to be taken on any account impacted by BSE, it has to go through our special account management unit and be signed off at the executive level and then at the senior vice-president level before any action can be taken, to make sure that it has been looked at, at every possible angle, to try to save the situation. Absolutely.

Mr. Charlie Angus: That's good to know. Thank you.

Mr. Terry Campbell: Would my colleagues like to comment on that?

Mr. Paterson.

Mr. Robert Paterson (Senior Vice-President, Small Business Banking, Canadian Imperial Bank of Commerce): I was just going to say there is a very similar approach at CIBC. We are going to do everything we can to work with that farmer to make sure we can continue that operation running. We have no desire to foreclose on a farmer for the type of situation you're talking about, and we do have a special loans area to work specifically with the individuals under those circumstances.

The Chair: You have one minute left.

Mr. Charlie Angus: I'd like to touch on the discussion on the loan loss guarantees, because there is, I guess, some dispute between the various political parties as to whether we're actually getting concrete in the ground. Are you aware of whether that has been any kind of impetus for getting slaughter capacity up in the regions?

Mr. Terry Campbell: My colleagues can correct me, but I think we're working with the government now to actually finalize the agreements that would have to be put in place with these institutions before applications can be processed and funds can start to flow.

That work is under way, as I think my colleague Brian Little had to say. There are expressions of interest. So the negotiations on the agreements are proceeding, and that's the sort of thing that would have to be in place for the next steps to take place.

Mr. Charlie Angus: Thank you.

The Chair: Your time has expired.

We now move to Mr. Bezan, for five minutes.

Mr. James Bezan (Selkirk—Interlake, CPC): I want to follow up on Charlie's question on the loan loss reserve program for packing plants. We're now getting to the agreement stage. This program was announced back in September. Are you guys only getting the actual paperwork done at this point in time, six months after the fact?

Mr. Terry Campbell: I think the negotiations have been proceeding for a while. I gather they're technical legal documents. I think the discussions have been under way for a while, but they are still under way.

The Chair: Could you clarify for Mr. Bezan and those around the table who asked you to have that document prepared? Is it something that you're doing as bankers? Is it something that we as a government asked you to do? Where is this coming from? We want to clearly understand what we're talking about here.

Mr. Terry Campbell: Again, I'll look to my colleagues, but my understanding is that in the design of the program there would be a legal agreement with each institution for participation in the program. It's a detailed legal document, and you have to make sure it's right. I think there's discussion on both sides.

Am I correct, gentlemen? Is that fair?

The Chair: Mr. Little.

Mr. Brian Little: That's correct. We're dealing with a document. We're working through the wording and fine-tuning the document, as we speak, with a meeting planned for this Friday morning.

Mr. James Bezan: How long has this been going on, then?

In my riding, there have been many people interested in trying to get some smaller abattoirs and facilities built and going. They have wanted to talk to lenders about this, but there has been no program to really make an application towards. Everybody is wondering if the program actually exists. It's almost like a phantom announcement.

• (1620)

Mr. Terry Campbell: Bob.

Mr. Bob Funk: Actually, I think the customer needs to come to a financial institution and start talking about the project. Then they'll get referred back, and they'll know the program is under way and progressing.

There's nothing to keep them from building business cases and determining what it is they want to do. I don't think the loan loss reserve agreements with individual financial institutions need to be signed before the projects can be built, from the standpoint of a business case and content.

Mr. James Bezan: I want to switch gears a little and go back to CAIS. We've been discussing this around the table for quite a while. I know that in the past for the NISA program, when producers had to come up with some deposit money, often the lending institutions would provide them with the leverage to make those deposits. Is that happening with CAIS as well?

Mr. Terry Campbell: My sense is that is the case.

Dave, do you want to talk to that?

Mr. Dave Marr: Sure, I'll talk to that.

Under the old NISA program, we were not actually allowed to lend money in support of a NISA deposit because there was no security. Under the new CAIS program, there is actually a security agreement or arrangement that allows us to lend dollar for dollar for the deposit.

I can't speak for my colleagues, but in our case, I believe we lend to producers as often as requested when they want to make that deposit. We try to make sure they're aware of that.

Mr. James Bezan: A couple of weeks ago in the House, we had a resolution come forward to eliminate the deposits, which was carried. How do you guys feel about that? Would it put more coin in the producers' pockets, enabling them to pay off some other debt load?

Mr. Terry Campbell: The CAIS deposit was not something that the bankers asked for. It was part of the program. When we were approached, we put the systems in place, trained staff, and so on. There are some sunken costs there. It's part of the structure that we built around.

Beyond that, the program is still new, as has been said a few times. We understand that particular aspect is going to be subject to review, and we'll be waiting to see how the review turns out. That's where we're at.

Mr. James Bezan: What type of chain reaction are we seeing here?

We've gone through 2003 and 2004, devastating years for BSE, avian flu, early frost out west, and PMU industries in retraction that became incredibly small very quickly. This isn't only hitting at the farm gate, this is hitting the "ma and pa" stores and the local communities as well. What type of impact are you seeing at that level?

Mr. Terry Campbell: There's no question that there is an impact.

Mr. Brian Little: We're seeing an impact on rural communities, the agribusiness firms, and the farm suppliers. There have been impacts on all of their cashflows. Speaking for the rest of my colleagues, we've implemented some of the same programs, with principal deferral, to help them get through this decline. It's felt all the way down the chain. I agree with you.

The Chair: The time has expired, Mr. Bezan.

We will move to Mrs. Ur, for five minutes.

Mrs. Rose-Marie Ur: Thank you for your presentation here today.

It has been stated over \$40 million to \$50 million a year is earned by banks through deposits. Is that accurate for CAIS deposits?

Mr. Terry Campbell: That's not a number I've heard, Mrs. Ur. I think it's probably more a situation of the deposit being there. It'll have some pricing related to it, but it's done more as a service. I would actually be surprised if the costs my colleagues have put in place to put the systems in place will ever be recovered. We looked at, I think, some Statistics Canada data; the CAIS deposits amounted to about 0.07% of all the deposits out there, so it's not a big money-maker.

Mrs. Rose-Marie Ur: You don't think \$40 million or \$50 million is a big amount?

Mr. Terry Campbell: I couldn't comment about that number.

Mrs. Rose-Marie Ur: Maybe you could get back to the committee on that.

• (1625)

Mr. Terry Campbell: Sure, we can look into that.

Mrs. Rose-Marie Ur: That would be great, because I think that is really important.

Also, how would the banks react should a CAIS deposit be removed? We've been speaking with one of your own agriculture ministers, who I believe is doing a good job, about that. How would banks react to the removal of a deposit should that happen?

Mr. Terry Campbell: I would make a couple of observations. One is that the deposit was not a request from the banks; it was a feature of the program put in place. We do have some sunk costs—amounting, I think, to \$10 million—that we put in place to handle that. That is a factor we'd have to consider, in terms of thinking about what would happen if the deposit were not carried forward.

That being said, the process we normally go through with these things is that we're very happy to sit down with the government, when a program is announced, to sort of work it through, but we're typically not in on the upfront design. It may be worthwhile to have that going forward. That is the case here; once it was announced, we sat down and put the systems in place. But the system is going to be reviewed, and if a decision is taken on deposits, we'll move forward.

Mrs. Rose-Marie Ur: One individual indicated that when farmers come forth, they review the CAIS applications. Did inventory ever come up with the farmers as one of their leading concerns?

I forget who it was.... I'm sorry.

Mr. Terry Campbell: I'll have to turn to my colleagues to consider that question.

Mr. Brian Little: Just to clarify that, when the client comes forward with the CAIS, I'm referring to the receivable. We don't review the applications.

Mrs. Rose-Marie Ur: Okay.

That being said, reverting to my past experiences of being a nurse in my previous life, bedside manners are very important.

Mr. Terry Campbell: That's right.

Mrs. Rose-Marie Ur: I put it to the bankers that with our farming sector, not only do you have to be sympathetic, you have to be understanding. Mr. Wither has indicated what his particular institution does. Is there some kind of general program there? One case does not equate to all cases. How far are you willing to go? We've had some information that credit unions are a little bit more sympathetic than banks are.

So my question is, do you take that into consideration?

Mr. Terry Campbell: Again, I will look to my colleagues to fill in with their own institutions' colour commentary.

I think you've hit the nail squarely on the head. This is very much a local matter. It's literally the individual situation, looked at on a case-by-case basis, and it really comes down to the local account manager and the relationship he or she has with the producer. It will vary across institutions and across the country, but my understanding

is our local account managers—and more power to them—are doing whatever they can to be creative, to be flexible, and to reach out, to work together with the producer to come up with a creative solution. In most cases, that can happen. Some heartbreaking cases—and we hope there aren't very many of them—are just not going to work out; there are just no more options. Again, you have to work that through on that very local basis.

I don't know if my colleagues wish to add to that.

Mrs. Rose-Marie Ur: That being said, though, is there another venue? I'm not saying that farmers are having difficulty with it. Sometimes there are personality conflicts impacting the decision too; we know that.

Mr. Terry Campbell: People.

Mrs. Rose-Marie Ur: Yes, so other than the ombudsman, is there someone else that person or members of Parliament can go to as an in-between?

The Chair: Mr. Paterson.

Mr. Robert Paterson: Just to get back to your first question, one of the things we have consciously done is to go away from just having broad national programs, because as things have happened, whether it be the Quebec ice storm or the hurricane that hit the Atlantic provinces, it really does come down to the specific individual, the farmer, the business person, the actual individual, to work with them to see what we can do. So that's why we've really gone to the one-to-one scenario.

As to your point about their having a local problem that they don't feel is being resolved appropriately, we do have a customer care area where customers can go directly and basically explain the issue they are having with their particular banker in their community. It's taken as an independent arbitrator, an internal process different from the ombudsman's office that we have. It's a way for this group to take a completely open view as to what resolution needs to be done. And if they find there has been a local problem, then they will find in the customer's favour and take care of that situation. So that is available.

• (1630)

Mrs. Rose-Marie Ur: Thank you.

The Chair: Your time has expired.

We'll go to Madam Rivard—if you wish to have some more questions.

[*Translation*]

Ms. Denise Poirier-Rivard: In Quebec, the ASRA, the Assurance-stabilisation du revenu agricole, guarantees a positive net annual income. Farmers are quite prepared to pay relatively high contributions because the provincial government doubles the amount paid. For example, farmers deposit \$30,000 and Quebec pays \$60,000. It is a very good incentive.

Isn't one of the problems with the CAIS Program that farmers think it is not worth making a deposit, considering what they get from the government?

[*English*]

The Chair: Mr. Little.

Mr. Brian Little: Just as a comment perhaps, resolution of that is for the producers and the government to discuss. I don't see our role here as determining whether or not that's a good program or not a good program. I would suggest that the producers and government need to get together to discuss and resolve that situation. That would be my recommendation.

[Translation]

Ms. Denise Poirier-Rivard: For comparison purposes, what are the charges on a net income stabilization account?

[English]

The Chair: Mr. Marr.

Mr. Dave Marr: The net income stabilization account, or NISA account, has been wound down. The only thing left with those accounts is deposits that may be paid out over the next four or five years, depending on how the producer decided to withdraw all their funds. There are no specific charges with those accounts; I don't believe any of my colleagues charged for those accounts either.

It's the same as with the CAIS account; there are no charges for a producer to open or maintain a CAIS account. As you're probably aware, with other general bank accounts there may be a maintenance charge or some sort of service charge, but there are no deposit or withdrawal charges with CAIS accounts. And they do typically benefit from a higher interest rate than a normal account.

[Translation]

Ms. Denise Poirier-Rivard: I was talking about the net income stabilization account, the NISA. It is not the same thing.

[English]

Mr. Dave Marr: Again, with a net income stabilization account, referred to as a NISA account, there were no charges. And with the CAIS program, there are no charges as well. So I guess they would be comparable from that standpoint; there are no charges on either. And I believe the interest rates are probably similar to the way they were with the NISA accounts, as well.

The Chair: Does anyone else want to comment?

Mr. Wither.

Mr. Don Wither: The interest rates are definitely highly competitive. If you're dealing with a producer, providing a CAIS account is extremely important; you have to have it. So if you're not going to be competitive in offering the rate for the CAIS account, you're quite likely going to lose the whole business. I'm sure I speak for everyone at this table that no one is about to lose the business to another banker, so the rates are very, very competitive—and reviewed weekly to make sure they are.

The Chair: We'll move to Mr. Drouin for five minutes.

[Translation]

Hon. Claude Drouin (Beauce, Lib.): Thank you very much, Mr. Chair. I want to thank our witnesses for coming here.

Mr. Campbell, in your presentation, you briefly talked about the measures taken by our banks to help the industry. You also mentioned the measures we have taken and we should take to continue to support agriculture. Everyone knows about the important economic contribution of agriculture at various levels, because if our food baskets cost less and we can help the least privileged, it has a

strong impact. So we have to ensure we support agriculture, and banks have an important role to play.

I would like you to explain to us your measures and I would like to talk about debt restructuring, principal deferment, interest rate relief, etc. Are these measures regular measures? Have they been implemented only since the mad cow disease crisis? To what extent are they implemented? I would like very much to know how you use these measures.

• (1635)

[English]

Mr. Terry Campbell: Thank you very much. I'll lead off, and I think my colleagues will probably want to add some colour commentary.

I think that in some cases there were existing emergency programs that had been designed for earlier emergencies and had been kept in place and that we were able to apply in the BSE situation. In other cases I think banks tailored individual programs.

In terms of the general approach, there's a range of things. Sometimes it's appropriate to provide an expanded amount of credit for the individual, moving some of the debt from an operating line of credit into a term loan, opening up and providing more operating credit there. Sometimes the particular program is to ease the person's cashflow, and you would defer the payments on the principal or you'd restructure the debt. It's going to vary in every individual situation.

Maybe with that general introduction, I can look to some of my colleagues.

Rob.

Mr. Robert Paterson: Obviously we do all the things that Terry just described, but one of the things we did with BSE particularly was to proactively contact our customers who could potentially be affected by it. So we took the existing programs that we use on a one-to-one basis with our customers, but proactively contacted them by going out to their operations and sitting down with them and an accountant, and anyone else they wished to have around as part of their advisory team, and worked with them on their specifics to see which things could in fact help, given some of the problems they were facing. That was the big or unique thing we did on BSE.

The Chair: Mr. Little.

Mr. Brian Little: I'd like to add to what Robert has said.

Basically, they sat down with the customer, on a customer-by-customer basis, mapped out a cashflow for the next six to twelve months, and determined the best strategy to help that business carry through. Each situation was crafted on its own individual needs and situations, so it was a huge time consumer from the account managers' perspective. They have spent much time with their customer base this past 21 months—but it's helped, it's worked, it's been effective.

Mr. Dave Marr: Just to add to what my colleagues have said, we also did the same things in front of the customer; but internally we also pulled together a committee from all different levels to talk about these issues, to make sure everybody was aware of what was available and what we could do to keep these people on their farms, so that people didn't jump to individual decisions and make the wrong decisions. These committees involved people at senior levels, people from the retail front line, and different loan units, etc., and we all talked about that on a monthly basis. In the early stages it was a weekly meeting, but it has now moved to a monthly meeting.

It's been very promising how it's all turned out for the better, because we've been able to help a lot of producers through these difficult times.

The Chair: Mr. Funk wants to comment.

Mr. Bob Funk: I have just one more very short comment.

You asked whether we had policies for individuals or whether we built something new in this circumstance. The things we did were not things we had not done previously; we used principal deferment, we used restoration of working capital, and all of those kinds of things. What was unique here was that we knew that an entire sector was affected from day one, and so all of the relationship managers or account managers were instructed to ensure that they contacted the livestock producers and went through their situations immediately, trying to remove as much of the immediate stress as we could, and advising them of the range of things we could and would do in consideration together with them.

● (1640)

The Chair: I'm sorry, your time has expired. Maybe we can get you on another round. I'm sorry to cut you off, but that's the way it goes.

Mr. Angus is next, for five minutes.

Mr. Charlie Angus: Thank you, Mr. Chair.

I'd like to get back to what we were discussing before on the issue of debt and where we need to go. As you said, this is a much larger social policy question than perhaps you came here to entertain.

From the farm families I know, my sense is that not one of them would suggest their son or daughter go into farming right now. One farmer told me there wasn't a single farmer in his area who, if he offered him \$500 a head for his cattle, wouldn't pack it in and leave. These are people who have been on the land for generations.

You don't need to commit to anything in writing, but as people committed to maintaining this industry, where do we go as a government? What kind of plan do we need in order to revitalize this industry?

Mr. Terry Campbell: There's no question, Mr. Angus, you're absolutely right that the big challenge is getting younger people into the industry. As I think Mr. Ritz mentioned, the average age is getting older and older. How can you attract people into this industry when there are all the challenges they have to face? I don't have a very quick answer for you, but I wonder if one of my colleagues who has worked longer in this field than I have would like to make even general observations.

Mr. Bob Funk: If I could just talk about the things we're seeing in the industry on this, when a circumstance like BSE hits the industry there's an expectation that there's going to be difficulty. Nobody knows how much there will be, so you worry about it a lot, to start off with. Then you start seeing some glimmers of light on the horizon. You find your way through to something a little more optimistic, and then you get a setback, and so on. This is the process we've been through over the last 20 months.

What the beef industry is doing is what every industry needs to do when it faces challenges, and that is to find the ways within itself to do the restructuring necessary. If we look at what the Canadian Cattlemen's Association has done in working with their alliance partners—if you can call them that—including the lenders, the packers, and their American counterparts, the issue has been what it will take to create a marketplace that once again has stability. Then once the marketplace that has stability can be determined and put back in place, the players that have the depth, management skills, and capabilities to go forward will take those advantages.

Because we're not going to see where you might wish to be if you were one of those producers, our goal is to make sure, to the extent we can with you on an individual basis, your goals can be met. If you have the financial depth, the wish, the management training, background, and ability, we will use the leverage of the tools we have available to us to give you as much breathing space, as much room, and as much time as you need to position yourself in the industry.

I think that's really where it needs to come from.

The Chair: Mr. Wither.

Mr. Don Wither: In a longer-term strategy, we also need to identify and develop external markets to help the producers. When something like this happens and the marketplace is shut down for them completely, we have to look at alternatives. We have to find and build other markets.

There will always be niche players that will be very profitable in the segment they choose to be in, but we need to look out over a long distance. I think the loan loss reserve program, in building processing capacity, is a good start. But we need to have the markets, and we need to guarantee that we can keep those markets open. The science will help us do that, so we also have to make sure we have the science in place so we can always defend our position.

Mr. Charlie Angus: In the last round of questions I mentioned that money isn't circulating into the surrounding rural economy right now. People aren't buying new machines, farms aren't being built, and trucks aren't being purchased. We're seeing it in our region, and it's right across the country. People don't have the money. Farming dollars are flow-through dollars—they flow through that operation into the surrounding supports—the feed operations.

What effect is this having on the secondary industries, and what's the state of them right now?

•(1645)

The Chair: Mr. Funk.

Mr. Bob Funk: I can take a run at that.

At the time, 21 months ago when that animal was found in Alberta and we began to realize the import of that and how much effect it was going to have on the industry, we said, this is going to reach the truckers, it's going to reach the processing workers, it's going to reach the community stores, and it's going to reach everybody. What we did, and I'm pretty sure from talking to my colleagues that others did similar things, is we went to each division of the bank, whether it's the retail consumer group or the commercial group, and we said, when this is happening now, we are building an approach for this industry where we're going to find ways whereby we can be as patient as possible. What you need to do on the other side is do the same thing with the retail side of the business, and the same thing with the consumers.

We talked, for example, about branches in places like Medicine Hat, Drumheller, or whatever, and getting calls from managers, saying, we have lots of Visa accounts that are not getting paid on time; we have lots of mortgages that are delayed because people are not working the same hours, they're working fewer hours, or maybe they've been laid off altogether. Essentially, the stretching we tried to do for the producers we also tried to do for the people who were impacted, whether they were other small businesses, such as truckers, or whether they were hourly paid workers in processing plants.

The Chair: We've exhausted that amount of time.

We will move to Mr. Miller for five minutes.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you, Mr. Chair.

I'd like to use the time, in some ways, to discuss the state of the business, which isn't very good. We're really here to discuss how we can make the CAIS better.

I think somebody touched on this a little bit earlier. You've heard about the vote we had to get rid of the deposit. What are some of the good things about the program? I'd like to hear the thoughts from each one of the institutions here, the thoughts on other things we should be doing to make it better—for example, getting rid of the deposit, and that kind of thing. I would ask each one of you, just for a minute or less, to comment on that.

Mr. Terry Campbell: Which one of my banker friends would like to lead off?

Dave.

Mr. Dave Marr: I'll start.

As we've mentioned, when the program was introduced, it was introduced to us, as lenders, as something that had been developed. We didn't have any input into the development of the program. Part of that development was a CAIS deposit account. I'm not sure of the reasoning behind it, but it probably had something to do with the fact that when NISA was around, you had to put money into NISA as well.

At first glance, one thing that did appeal to producers was that it looked similar to an insurance product. They could do a calculation against their revenue over the previous five years from a reference margin standpoint and determine what level of support they wanted for the upcoming year and make a choice based on their own individual situations. From the standpoint of being able to make decisions, producers were given that ability.

I think we all know that there have been some bumps in the road, but it's still early in the program. I'm not sure that throwing the program out or making dramatic changes at this stage is the answer either. I don't know. I think that's for the government, the producers, and the associations to determine.

Mr. Larry Miller: I think I was looking for little ways to tweak it, or something like that.

Mr. Dave Marr: As I mentioned previously, producers are dependent on that program today because it is a program that they have available to them. Going into the spring of the year, if we could do, or the government could do, whatever possible to make sure they know what their options are for the year, so they can make business decisions based on certainty or uncertainty in the markets....

Mr. Terry Campbell: Certainty is a big issue.

Mr. Brian Little: Following along, we felt it was very important, because it was a program, that we make it available to our customers.

As Dave pointed out, we prepared a deposit product and encouraged people to participate in it. What we liked about it was you could select the level of coverage you wanted depending upon your situation.

It ties in quite nicely with crop insurance in some situations. We recognize fully that it's into year two now and there's still some tweaking and fine-tuning to be done, but it's a good start to a income insurance disaster relief program, which I think is needed.

•(1650)

The Chair: Mr. Paterson, did you want to comment quickly. We're running—

Mr. Robert Paterson: Sure, and I'll try to be quick. I have the same comment as my predecessor, the one positive that we've heard from our people is the ability to determine the level of coverage that you do want to take in the program.

Going forward, it's to find out if there's a role that we can do in the communication of the program going forward, or any changes, should you determine to make any changes. The biggest thing is to get the knowledge out there, to get people to be able to understand how the program exactly works, how they can work with the bank, their accountant, and all those types of things. Obviously the banks can play a role in that too.

The Chair: Mr. Funk.

Mr. Bob Funk: I would add one more thing, and it is that as we go forward with programs, however they look and whatever their shape and form, one of the things we have to remember is that it's the economics of business that will make us successful or otherwise. We're in the midst of a WTO negotiation, which disappears into the background a lot these days, and making sure we have favourable and friendly—friendly, not necessarily good—competitive trading arrangements with countries that would be our potential partners is very important. So I think, as we think about all these programs, it's important that we stay outside in this whole process.

The Chair: Mr. Wither.

Mr. Don Wither: I think they've pretty well all been covered.

Mr. Larry Miller: Mr. Chairman—

The Chair: I'll give you—

Mr. Larry Miller: —I want to say something, and I'll be very quick with it.

I think maybe it was Brian who mentioned it was like an insurance program. This has been a beef of mine all along: there's an ongoing insurance plan for something for producers, and there should be a disaster plan. Is there a consensus among all of you that basically that's what this is, it's a long-term insurance plan? I think you said you planted the seed for it. Is that pretty well a consensus, that it really wasn't a disaster program at all?

Mr. Brian Little: My view would be that it's a very good start to an income stabilization disaster relief program, and some fine-tuning might make it better.

Mr. Larry Miller: Thank you.

The Chair: We've exhausted the time. We'll move to Mr. Kilgour, five minutes.

Hon. David Kilgour (Edmonton—Mill Woods—Beaumont, Lib.): Thank you, Mr. Chairman.

We've been told, gentlemen, that the net farm debt is about \$44 billion. If you accept that figure—please say if you don't—how much of the farm debt would be held by the members of the Canadian Bankers Association?

Mr. Terry Campbell: I don't have that figure. I'm not sure if my colleagues have that off the top of their head. I don't have that figure in front of me, Mr. Kilgour, I'm sorry.

Hon. David Kilgour: How much of your members' loan portfolios would be farm loans, then? Can you give us an average of that, Mr. Campbell?

Mr. Terry Campbell: I'm looking to my data man over at the side there, and we don't have that. We're happy to get that back to you, but we don't have it with us right now. I'm sorry about that.

Hon. David Kilgour: I'm rather surprised at that. You're all the experts on producing and you don't know that about farm production.

Perhaps Mr. Paterson has some light to shed on this.

Mr. Robert Paterson: The total CBA number? No, I don't.

Hon. David Kilgour: No, your own individual bank's. Or maybe that's a competitive thing, is it?

Mr. Robert Paterson: Yes, from a—

Hon. David Kilgour: You keep referring to each other as being colleagues. I thought you were all competitors.

Mr. Terry Campbell: We are. We're friendly competitors.

Hon. David Kilgour: How much does the Canadian Bankers Association estimate that the BSE crisis has cost the farm producers across the country?

Mr. Terry Campbell: The Bank of Montreal, I believe, put out an estimate in the fall of this year. I think the figure they have estimated is that it has cost the industry \$5 billion. I believe that was the Bank of Montreal economic department's estimate.

Hon. David Kilgour: The loan loss thing is causing a lot of problems in prairie Canada. People keep telling us that they haven't had a dime advanced from any your members because they don't like the loan loss program. You say you're having a meeting on Friday again. How many meetings have you had since September, when the program was announced?

Mr. Terry Campbell: We've had several meetings with officials. The specific number I don't know, but we have had several meetings to discuss it. We're meeting again with them to go over details on Friday. So we're in active communication with them.

• (1655)

Hon. David Kilgour: But are you having weekly meetings or semi-weekly? Or have you had 20 meetings? How many more meetings do you expect to have before we actually get some shovels in the ground?

Mr. Terry Campbell: I think that will probably depend on how the discussions go. A specific number of meetings with the officials? It's not weekly. Regularly, over the course of the.... There are collective meetings, and of course there are individual meetings with individual institutions, because it's negotiations on the agreement. So collectively you'll have a lot of discussion going on over there in the last several months.

Hon. David Kilgour: In fact, I used to work for the Bank of Montreal a million years ago, and actually Citibank and the Bank of America too very briefly, so I put it to you: you don't like this proposal because you don't like the idea of dealing in losses. Isn't that the problem with the proposal?

Mr. Terry Campbell: My sense from colleagues who will actually be dealing with specific proposals is that it is a good start. It's something that helps banks make a decision. We've had expressions of interest, as Bob said earlier. If individual proponents of a new facility come forward with a good plan, we will entertain it.

Hon. David Kilgour: Forgive a farm expression, but not a bloody cent has been advanced under this thing by any of you or any of your members, right?

Mr. Terry Campbell: On the loan loss reserves? Well, as I was indicating, the discussions with the government are still going on, on the actual agreements, but as Bob was saying, if people can come forward with a good plan, having that agreement finalized isn't necessarily an impediment.

Hon. David Kilgour: There are something like 25 plans out there, Mr. Campbell, and I know a lot of them don't have a lot of capital behind them, but has any of them gone ahead with any of your competing members?

Mr. Terry Campbell: Let me just ask. Don't?

Mr. Don Wither: We haven't used the loan loss program because it's not finalized yet. The legal documentation is not in place, so no one can actually advance under it. As Bob mentioned, that's not to say the process can't start, because we know it's there, but we have also done—

Hon. David Kilgour: But Sunterra is going ahead in Calgary, because they have a very good financial business plan and so on, but nobody else that I'm aware of—or please tell me—is going ahead, because this loan loss program isn't worth the powder to blow it to Hades.

Mr. Don Wither: I'm not sure I agree with that.

Hon. David Kilgour: Say why you don't agree with it.

Mr. Don Wither: Because, frankly, it hasn't been finally negotiated yet. No one has come to final agreement on it.

Hon. David Kilgour: But isn't this a joke? Isn't it a matter of how long we can delay this thing? Are you going to take until 2007 or 2008? Maybe people are stalling the negotiations because they don't like the program. Is that a possibility?

Mr. Don Wither: You mean the banks?

Hon. David Kilgour: Yes, the banks.

Mr. Don Wither: No.

Hon. David Kilgour: The banks like it.

Mr. Don Wither: I can't speak for my counterparts, but I'm sure I can, actually.... No, we're not stalling on anything.

Hon. David Kilgour: Your bank thinks it's terrific?

Mr. Don Wither: No, I didn't say I thought it was terrific. I'm sure the final outcome will probably be terrific. I'm hopeful it will.

Hon. David Kilgour: When do you think that will be?

Mr. Don Wither: When we get all the legal documents—

Hon. David Kilgour: The *t*'s crossed and the *i*'s dotted.

Mr. Don Wither: Which is where we're at right now. We're working on the legal side of it, but it's going to come down to whether it's a business case or not. If you have a good business case, it will fly. We did one recently in southwestern Ontario without the loan loss reserve program.

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

Perhaps you might want to tell us, since we're on that subject matter, basically, is this being held up because of government red tape? Is it being held up because there isn't consensus among bankers on what you want in this? Government is guaranteeing 30% of the loan, as I understand it, and I understand we need agreements and there has to be a good business plan. I take your premise, Mr.

Wither, that this is where we need to start from. But why is there such a delay? If the agreement is the problem, why is there such a delay on the program? Are we, government, holding it up, or is it just that bankers can't agree among themselves what they want in there?

If two parties agree, it isn't very long before you have an agreement signed, but if we're not getting an agreement signed, then there's a problem. I'd like to know where it is.

Mr. Bob Funk: I think what we've done to this point is we've gone a full round, where the initiation of the draft agreement is with the Government of Canada. That was brought to us, and we all provided our responses back, and at that point I think the Government of Canada turned it over to their legal counsel, at which point the agreement became quite different and quite a lot more legal.

Some hon. members: Oh, oh!

Mr. Bob Funk: At this point, when it came back to us—

• (1700)

Mr. Terry Campbell: With all due respect—

Mr. Bob Funk: —it needed to get that same kind of consideration from us. We turned that around in, I think, about a week, right? So we're in the process at this point in time.... That's what the meeting on Friday is about, to discuss that, and then hopefully we will be very near to knowing what we've got and to having a final—

The Chair: Okay, we'll move on to our next questioner, but I think what I'm understanding is that there are two sets of lawyers trying to negotiate an agreement.

Go ahead, please, Mr. Easter.

Hon. Wayne Easter: Are you supposed to go to that side first, Mr. Chair? No problem.

Mr. Larry Miller: I would like to get in here.

The Chair: Do you want to go again?

Hon. Wayne Easter: Larry is a good guy. I'll let him go first.

The Chair: We'll let you go, Larry. I apologize.

Mr. Larry Miller: No problem.

I talked to a few of you about this, including Dave and Brian. The industry has been very lucky that the interest rates have been as low as they have. That has been a godsend. Looking back on myself as a young farmer just starting out in the early 1980s, I wonder how the hell I made it through. But we did and we're here.

The figures coming up this fall will show that the industry has lost about \$5 billion because of this crisis. The question I have coming out of this is, does the banking system have an obligation to help absorb some of that, and has the banking system been absorbing any of that? Further to that, what should the banks' role be to help them get through this, instead of it all being on the producers' shoulders?

Mr. Terry Campbell: That's a very good question. There are a couple of parts to the answer.

I think it's fair to say that over the last 20 to 21 months the banks have been bending over backwards to put in place different kinds of programs, whether it's deferments, restructuring, or just stretching things out. It's hard to quantify, but a lot of internal staff time and staff time in the field has been spent trying to accommodate them. It's much more labour intensive. So there's a fair amount of work going on in that way.

I started off by saying you want to be able to do whatever you can with these people, even if it means stretching things out and deferring some of the revenue you might be getting. But it does reach a point where you do run out of options, where it's not even in the producer's interest to take on any more debt. It probably does more harm than good. You reach the stage—and I think we've all seen this—where it's the client himself or herself who says, “This just isn't working out anymore, and if I don't get out now with some equity, then I'm not going to be able to get out with my head held high”. The best advice you can give in those sorts of situations is, “Let's sit down and we'll work with you in an orderly way to maximize what you have”.

Virtually every aspect of our operation is regulated by the government. On the one hand, you do have the situations you talk about where you want to be able to lend and to be as creative as possible, but on the other hand, you have our regulators, who do not just request but insist that you manage your accounts and your files in the most prudential manner possible. They're over you like a hawk. Then you have the depositors, with whom we have a fiduciary relationship and responsibility, who expect their money to be as safe and sound and as prudently invested as possible.

The comment I made earlier in response to Mr. Angus is that I think you reach a point where you've been able to use every trick in the business bag, but then you're actually moving into what I would call the societal issues. This is where it's beyond a single institution. This is where government programs have to kick in.

That was a rambling answer, Mr. Miller, but that's the way it is.

● (1705)

Mr. Larry Miller: We got a little bit off track there.

What I'm looking at more than anything, Terry and Rob—this has been a pet peeve of mine—is that there are ways you could help. I'm not happy that the banks still want a certain rate, an amount of money made, on a certain loan out there. This is one area where I really feel the lending institutions could have flexibility at a time like this. They have a right to make a profit, but for some of them out there some people would use the words “obscene profits”.

While yes, you have to satisfy your shareholders, there's one area where I believe you could really help out the farmer. I've heard of all kinds of incidents, as some of you know because I've contacted you.

People come in to renew but it doesn't look like as much money will be made on that loan, so instead of lending the money at 1% or 1.5% over prime, the bank puts it up from there. I think that's very inappropriate.

I would like some comments on that maybe from you, Terry.

Mr. Terry Campbell: Well, the best assistance the industry can provide is to continue to have the capacity to provide credit, to be flexible, and to respond as creatively as possible. To do that you have to be able to do things—it's a kind of blend—on a businesslike basis, which means you do have to price according to risk. If you don't do that, you can't provide the kinds of services you need to provide over the long haul.

This is always a very challenging issue. Banks do try as much as possible to avoid repricing upwards. Sometimes there's just no other option; that's what has to be done.

Clearly, if you're going to be trying to give an individual more credit room.... Say they have an operating line of credit and they need more credit. You'd move some of that into a term line or something. That's a different loan, and it's going to attract a different rate. It's that kind of fine balance you're going to have to look at on every individual case: here's what we can do; we can't go this far, but by golly, we can go here.

Mr. Larry Miller: I know we're not going to settle this.

Mr. Terry Campbell: I understand.

Mr. Larry Miller: I just want to say that overall the banks have been very...not lenient, but understanding through it all. I just think there are some areas where you might not put it up, and we'll end at that.

Mr. Terry Campbell: I appreciate the comment. Thank you very much, sir.

The Chair: Mr. Easter.

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

I wouldn't disagree with Larry on that comment; I was around in the 1980s too. In fact, I was at the odd penny auction in those days.

From the farmers I talk to, I find dealing with the banks today is an entirely different situation from what it was then. We had to bring in farm debt review boards and you name it. There are not those calls for a farmers' creditors arrangement act today there were then, and I think that's a good sign in terms of the banks and trying to work it through. I know from some calls I've made to some of the local general managers of banks that there's a willingness to work on it, and I certainly compliment you on that.

I do, though, want to come back to this loan loss reserve for a minute for the record, because I do think, contrary to what my colleague Mr. Kilgour said, that the plan can move forward in parallel, because what is important is the business plan. The loan loss reserve is there to limit the risk, and that will be worked out.

But I would say this. If your meeting on Friday doesn't start to produce some results, then I'd appreciate it if you could get back to the chair, because this wouldn't be the first time a Department of Justice lawyer tried to hold up progress, I'll tell you that, and we need to know it. Sometimes their reality is a heck of a lot different from the reality of the people you have to deal with. So if there are problems, please let the chair know, and maybe we need to have a hearing with the legal counsel in the Department of Justice to give them a kick in the ass.

I now have two very different questions. One, I note that Farm Credit Canada is a lender as well. In my estimation they are always supposed to be the lender that takes on the high risk and isn't afraid of doing that. I have been hearing some concerns from the banking community that Farm Credit is now in the business of trying to attract the so-called good clients; that's not what I mean, but that's not the business, in my view, they're supposed to be in. They're supposed to be in the business of taking on more the risky situations and helping the farm community in that way. I'd like your comment on that.

The second question is on CAIS. We all know the program is very slow, at 18 to 24 months after.

We've raised the interim advance from 50% to 70%, but it's not in place in all provinces. It's in place in Alberta, Quebec, and P.E.I., which deliver it provincially, and we deliver it federally. But in Ontario they've opted not to go with the interim advance, which Ontario producers tell me is a problem. What's your experience across the map?

If you can get an advance out there based on what the CAIS is going to be at the end of the day, then it puts more money in a farmer's pocket when they need it. What's your experience in that area? Have the interim advances been helpful in terms of farmers meeting their commitments to you, and are there huge differences between Ontario and the rest of the country because Ontario has not come onside with interim advances?

•(1710)

Mr. Terry Campbell: We have two questions there, and maybe I'll ask my colleague Bob to talk about Farm Credit Canada.

Mr. Bob Funk: Actually, if I could, I'll address the advance issue first. Essentially, if you have an opportunity to improve your cashflow by getting your cash earlier, that obviously improves things because you're not paying interest on some money you would otherwise be paying interest on. So the benefit is there.

One of the other things that would be helpful to us, who operate nationally, and to the Government of Canada, which operates nationally, would be for provinces to be relatively in sync with one another so the programs look the same from one province to the next. In this respect, an Alberta producer and an Ontario producer probably wouldn't see themselves as operating in different worlds if

the advance were available in both places. That's my comment on advances.

With respect to your question on Farm Credit Canada, the experience we have had—and I think most of us around the table have discussed it—is that when you have an issue of difficult circumstances, which we have right now in the agriculture community, whatever help you can get from wherever is good help. Over the course of the last few years, however, we've certainly had some experience that at Farm Credit Canada they do more than simply look at operations of last resort. In fact, we regularly find them as our competitors for commercial accounts we would be entirely happy to bank on our own.

The Chair: Okay, we have exhausted your time, Mr. Easter.

Mr. Miller.

Mr. Larry Miller: This one has not to do with CAIS but with the industry in general.

Earlier we talked a little bit about our average age of farmers. I'm 48 years old, and I'm one of the young ones. I have three boys at home, and they're not going to farm; that's fine, but it is getting to be a crisis in the industry. Is there anything government can do, or should be doing, in conjunction with the lending institutes, to make it easier for intergenerational transfers, and that kind of thing? There used to be a day when the dad could give the son the farm, but today that doesn't happen like it used to.

Brian.

•(1715)

Mr. Brian Little: Maybe Farm Credit Canada could fill a nice market niche to help some of those farm transfers—farm succession plans—occur. In this situation they would be willing to take on some of the higher-risk deals. If the junior partners, sons, or daughters didn't have a lot of equity but did have a lot of good management skills and very good potential, they would help them take control of the assets of that farm business. That would be a real market niche.

Mr. Don Wither: You're right about an aging population. I think the average is age 57 right now. I've been involved in succession financing for a number of years now in another area of the bank, but I've always kind of looked with a gleam in my eye at the agricultural market, because it's massive. It's a huge real estate play; it's a huge equipment play; it has massive capital requirements.

Somehow we need to transition the assets. It's very difficult to do on pure banking arrangements, because you have massive debt servicing required. Somehow there has to be the ability to transfer the assets, either through using Farm Credit Canada or.... There is a huge need for counselling in the farm community—not just financial counselling, but counselling on how to actually transition the farms themselves. A number of private players are out there doing that, but the need is massive, and it's only going to get more difficult as time goes on. There is definitely a need for something.

The Chair: Dave, do you want to have a few comments? Mr. Marr.

Mr. Dave Marr: That's a very good point, Larry, that there is a need to keep young people in farming, or to get them involved in farming. There are a number of risks. With the uncertainty in farming, some of the parents are maybe thinking twice about whether they should try to get their children to carry on the family operation.

I recall there was a farm start program a number of years ago, lending money out on a government-guaranteed program that supported young farmers to get in and borrow. I believe a program was available to the credit unions at one point in time that guaranteed transitional loans between fathers and family members, or there was some sort of support from the government to support that. There's a lot of equity, and again, there is a certain amount of risk there, so if somebody is going to put a succession plan in place, they want to have some certainty about whether their equity is going to disappear or whether the loan could be repaid going forward.

There may be a role, as one of my colleagues mentioned, for Farm Credit Canada, or the government, to work with the banks if there were programs, but at the end of the day it comes back to producers and associations working with the government to figure out the best option.

The Chair: Mr. Wither.

Mr. Don Wither: I did some research on it, looking at the various provincial offers. A number of years ago there were quite a few offers with guarantees in place to allow them to do the transitioning for young farmers. I couldn't find anything in place any longer. I may have missed something, but I went through every province trying to find something, because I was basically trying to buddy up with it—but without any success.

Mr. Larry Miller: In transfers today from father to son, roughly what percentage are straight-out sales, versus ones that appear to be transferred? That is just a question of curiosity more than anything.

Mr. Terry Campbell: Does any of my colleagues have even a rough idea on that one?

Mr. Don Wither: I don't have any statistics, but it's much more complex. If you're outside the agricultural community, in most cases you're taking your investments and putting them into some sort of investment. In the agricultural community they always reinvest in the farm, so they require cash. When you transfer down from one generation to the other, you need the cash, because that is their retirement. If you can somehow get them to release some of those funds to allow them to live in the manner that they've lived their whole lives, that's part of the problem. All the investments are back into the farm.

The Chair: Thank you.

Yes, Dave.

Mr. Dave Marr: There's an awful lot of tax that's generated too when somebody makes a decision to transfer a farm. It's a possibility that maybe the government could look at something in certain transitional situations to be able to alleviate tax.

The Chair: We have to move to Mrs. Ur, who will ask a short question.

• (1720)

Mrs. Rose-Marie Ur: Very. It's a comment more than a question.

The Chair: Then we'll go to Mr. Drouin for the last question.

Mrs. Rose-Marie Ur: I thank the witnesses for coming to speak regarding CAIS and BSE, but I would be remiss, representing the riding of Lambton—Kent—Middlesex in southwestern Ontario.... I have a riding that has many grain and oilseed farmers, so I hope you're as sympathetic in understanding the concerns they too are experiencing, not just the mad cow situation. They too are experiencing great difficulties. I've had the odd farmer call to say a big bad banker is giving the squeeze, so I may be giving that particular banker a call.

Having said that, are all of the witnesses here quite close to rural communities? You can understand the impact this is having. I read an article this week about a financial institution whose CEO was able to earn a fairly decent salary at \$8.2 million. That's all well and good, but it's pretty hard to swallow when we see some of the crises going on in the rural communities.

The Chair: Mr. Little, are you going to confess?

Mr. Brian Little: I have a comment.

Mrs. Rose-Marie Ur: It wasn't him.

Mr. Brian Little: It wasn't me, but I have a comment. We believe we'll probably have to deal with the cash crop situation in a similar fashion to how we have dealt with the BSE-impacted customers—on a case-by-case, client-by-client situation. That's the way we will approach it.

Mr. Terry Campbell: We take your point about being close to the people.

Mrs. Rose-Marie Ur: It's as some politicians say—they understand agriculture because they visited their grandma's farm three times over. That's not what we mean about understanding agriculture.

Mr. Terry Campbell: I think if you canvassed my friends here, you'd find an awful lot of direct agricultural experience.

Mrs. Rose-Marie Ur: That's good to hear.

Mr. Terry Campbell: Indeed.

The Chair: Thank you very much.

Mr. Drouin, you have the last question—very short because we have a vote calling us.

[*Translation*]

Hon. Claude Drouin: Thank you, Mr. Chair. I would like to know what percentage of your business is related to agriculture, and exclusively to agriculture; I do not speak about the agri-food business. Is it 7, 8, 15 or 22% of your business which is related to agriculture?

Then, in relation with these figures, can we give even more attention to this, given the precarious situation we are experiencing? According to the statistics of the Office of the Superintendent of Bankruptcy of Canada—and we are not speaking of the dairy industry but only of the beef industry—, in 2003, there were 28 bankruptcies in Canada. There were 32 between January and June 2004 and 42 between January and November of the same year. So many producers are out of breath but they will be more and more so if the crisis does not recede. As Mr. Campbell said at the outset, nobody thought that it would last for another two years. Is it going to last for another 18 months? We do not know.

According to the percentage this represents for you, I hope that you will support even more agriculture, so that it can go through this crisis.

If you could provide these figures to the chair, I would appreciate it very much.

[*English*]

Mr. Terry Campbell: Unless my colleagues have that kind of information right at hand, I think it might be better if we took you up on your offer, Mr. Drouin. We can provide that information to the chair. Thank you for that.

[*Translation*]

Hon. Claude Drouin: Thank you.

[*English*]

The Chair: Thank you very much, gentlemen.

As chair, and as a representative of a riding that has a very large agricultural component, I hate doing this, but from time to time I

have to sit down with someone who is going down. Sometimes I have to call the ombudsman, and one of the banks represented at the table today is one of those banks I had to call about four months ago, on an issue that I should never have been engaged in. Basically someone was simply overstepping the boundaries. I became involved, and obviously the individual realized the folly of the actions, and corrective measures were taken.

I don't like doing that, but this is a very sensitive time. I think various members have been very complimentary to you people today, and we don't want you to think we've brought you here to chastize you. But we are dealing with an industry that's in crisis, and we need patience, often, and sometimes we need a little forgiveness. We ask for your forbearance with these people because this is a very difficult time. We understand that yours is also a difficult position, that you have a job to do.

Thank you again for appearing today and for responding to our questions. For those requests for information that were sought, perhaps you would direct them to the chair. As Mr. Easter has said, if there are problems in your meeting on Friday, your chair is available to receive whatever complaints you might have, and he'll sit down and talk with you.

• (1725)

Mr. Terry Campbell: Chairman, thank you very much. We very much appreciate it, and we hear you loud and clear.

Thank you very much.

The Chair: Thank you very much.

The meeting is adjourned.

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