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Chair

Mr. Gerry Ritz

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•(1110)

[English]

The Chair (Mr. Gerry Ritz (Battlefords—Lloydminster, CPC)): I call this meeting to order. We're going to have a one-hour hearing on the golden nematode outbreak in Quebec in the affected area. The gentlemen with us today are the farmers from that area.

We have Pierre Chouinard, who is the president, and Serge Lalancette, who is the director general of the *Fédération des producteurs de pommes de terre du Québec*. From AMA-Terre, we have Philippe Gemme, who is the president and a farmer. And we have a fourth person, Richard St-Aubin. Welcome, gentlemen.

We have a couple of presentations, and we are tightly scheduled with that hour. We would love to get in as many questions in as we can, so I'd ask that you keep your presentations fairly tight. I know the situation you're under.

Who is going to lead off?

Thank you, Pierre. Please begin.

[Translation]

Mr. Pierre Chouinard (President, Fédération des producteurs de pommes de terre du Québec): Ladies and gentlemen, we thank the members of the Standing Committee on Agriculture and Agri-food for receiving us.

Let us speak of the role of the *Fédération des producteurs de pommes de terre du Québec*. The *Fédération des producteurs de pommes de terre du Québec* (FPPTQ), an affiliate of the *Union des producteurs agricoles* (UPA), represents Quebec's 392 potato producers. Producers are grouped into four categories, according to their principal market, notably the fresh or table market, pre-peeled (French fry) processing, potato chip processing and seed potatoes.

The role of the *Fédération* is to promote potatoes, to defend members' interests and to develop the production. In addition, as a producers' marketing board, the *Fédération* manages and administers the Quebec potato producers' Joint Plan, by virtue of the powers conferred by the Act respecting the marketing of agricultural, food and fish products.

What are the major issues?

The discovery of golden nematodes in the municipality of Saint-Amable, along with the subsequent creation of a regulated area and a listing of conditions for the movement of regulated products, have caused an increase in production costs not covered by existing

programs and the loss (or even the absence) of income for 20 farms in the municipality, on an area of approximately 1,250 hectares under potato production.

Although all the parties involved agree that these farm businesses should be compensated through a disaster assistance program, which would be better adapted and separate from the income stabilization program, no one is able to respond rapidly and immediately, within the framework of existing programs, to the urgent cash-flow problem.

What are the facts?

The golden nematode is a quarantine pest requiring compulsory disclosure under the Plant Protection Act. The golden nematode is of no risk to the safety and wholesomeness of potatoes but its presence can cause yield losses in the order of 80%. Furthermore, it can remain dormant in the soil for many years while waiting for a host plant such as potatoes, tomatoes or eggplant in order to reproduce.

The efforts of the Canadian Food Inspection Agency (CFIA) resulted in the rapid designation of a regulated area and the re-opening of the borders to international trade. Officially, trade resumed this morning. In fact, we have been informed that the first delivery truck arrived in the United States this morning. As a result of its work, losses to producers and exporters located outside the regulated area were limited.

In Saint-Amable, producers' efforts and cooperation facilitated the task of the CFIA agents. In total, 20 farms are affected by the restrictions. However, these farms specializing in potato production will no longer be able to grow potatoes in the regulated area without authorization of the CFIA.

There is an urgent need for short-term cash flow.

For some farms, their last potato sales date back to March 2006. Since then, they planted their crops in the spring managed them over the whole summer. Some of the affected producers are young farmers dealing with high debt loads. For all of these farmers, the discovery of the golden nematode constitutes, in itself, a cause of great stress.

Because of pressures by suppliers and financial institutions, the refusal of buyers to take their products and the strain of providing for their basic needs, the situation has become intolerable for the affected families. The region's agricultural producers have grouped together to request immediate assistance to at least pay bills that are over 90 days overdue and to cover the cost of groceries.

None of the existing programs can provide immediate aid. Some producers are in a state of despair. Industry representatives fear the worst and are requesting immediate support before irreversible actions are taken. In this regard, a psychologist is meeting regularly with the producers to give moral support and to counsel them through this crisis.

For the moment, representatives of different levels of government admit their helplessness to support these producers through the existing programs such as the CAIS program, the advance payment program and the various financing programs that require loan guarantees.

The producers of the regulated area have grouped together under the name AMA-Terre Inc. The group is calling for immediate assistance while waiting for a disaster assistance program to be put into place; assistance which it evaluates at \$50,000 for farms with less than 60 hectares (150 acres) and \$75,000 for the others.

As an example, a farm with 60 hectares of potatoes would generate sales in the order of \$250,000 to \$450,000. This advance should suffice as long as an ad hoc program is implemented within one month.

• (1115)

If more time is required to put a program in place, the advance should be adjusted accordingly, to include direct costs related to the production, which are about \$4,000 per hectare. On the average, this amount represents approximately \$240,000 per farm, as shown in the table on the following page.

As the table shows, total direct costs amount to \$3,991 a hectare. This represents the total production costs. For a 60-hectare farm, this represents an average total cost of \$239,000, almost \$240,000. It should not be forgotten that most of these farms did not make any sales in spring 2006.

With regard to the 2006 crop, as a first step, the *Fédération*, the UPA, Agriculture and Agri-food Canada (AAC), the *ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec* (MAPAQ), the CFIA, the *Financière agricole du Québec* and other producer and distributor associations have all committed to solve the 2006 dilemma.

Over the years, potato producers have become specialized into four different market categories and produce varieties that correspond to industry needs. Using the powers of the Joint Plan, the *Fédération*, along with committees for each category, have negotiated marketing agreements with the *Association des emballleurs de pommes de terre*, the *Association des transformateurs de légumes frais* (ATLF) and with the chip processors. The ATLF agreement, in particular, makes provisions for supplying a minimum of 60% of the processing plants' needs, the balance being left for speculation on the open market.

Over and above the seed category, which represents about 9% of Quebec's potato production area, Table 2 shows details of the various potato market categories. Potatoes for in-store sales represent 53% of the market, potato chips account for 20% and pre-peeled account for 18%, while seed crops account for 9%. This is shown in Table 2, in addition to the market and varieties.

In addition, the Canadian Food Inspection Agency (CFIA) and the American Department of Agriculture (USDA) have come to an agreement on a protocol to reduce the commercial repercussions of the potato cyst nematode discovery to a minimum. This protocol provides for the creation of regulated areas and the setting of conditions for domestic and international movement of regulated products coming from these areas.

According to this agreement, only potatoes coming from a field declared "uncontaminated" from nematodes may be marketed to the fresh or table market. Potatoes coming from contaminated fields must be processed in approved facilities. Presently, analyses have confirmed the presence of nematodes in most parts of the fields, notably on 304 hectares out of a total of 404 hectares.

The potato farms in the municipality of Saint-Amable are mainly specialized in the fresh (table) market, with 62% of their potato production area devoted to this market, as shown in Table 3.

The application of this agreement would cause a significant increase in potato supply to the processing market with varieties that do not correspond to the strict requirements for cooking and size, inevitably resulting in a drastic price reduction, which would compromise the profit-earning capacity of Canadian farms specialized in this market sector.

Consequently, the advisory committee created for the management of this crisis and chaired by MAPAQ unanimously recommends the destruction of the crop in the field and in storage and to compensate the farmers at fair market value.

Regarding the limits of existing programs and the need for an ad hoc program, the CFIA offers financial compensation to producers where their herd or flock are condemned and ordered destroyed under the Health of Animals Act.

As pertains to the Plant Protection Act, although it does not stipulate a specific amount to cover crop losses natural disasters such as the golden nematode, Article 39 of this Act allows the Minister to issue payments to cover losses suffered by producers in the designated zone. The Minister has already passed regulations authorizing compensation to agricultural producers who are faced with quarantine pests in Canada.

• (1120)

Consequently, the *Fédération*, the UPA and the other producers' associations are asking for the implementation, in cooperation with the affected groups, of an ad hoc program that will compensate the farms, while considering the following criteria: payment to cover the extra work required by the farm labour force to clean and disinfect machinery, equipment and vehicles within the regulated area, payment of 75% of the purchase price of equipment required to comply with conditions for the movement of regulated products, and compensation for the loss of value of assets, of production losses and loss of markets.

In conclusion, the Hon. Chuck Strahl (Minister of Agriculture and Agri-Food) has enacted a Ministerial Order under the Plant Protection Act. This Order established a regulated area of approximately 4,500 hectares, of which about 1,250 hectares are in potatoes, as well as restrictions and prohibitions on the movement of certain items, in order to combat the golden nematode infection in Quebec.

Work done over the 2007 winter will permit the evaluation of medium and long-term losses for farms located inside the regulated area and the identification of possible solutions on a case-by-case basis for each of them.

We ask that the calculation of losses be conducted by an external agency, as was the case with Quebec tobacco producers. In the very short term, the industry is urging the minister to order the destruction of the crops in the field and in storage in the regulated area, so as not to upset markets for Canadian producers specialized in processed potato production, to rectify prices above the cost of production and to ensure that affected producers, who are unable to find buyers for their produce, receive compensation.

Finally, and most urgently, the minister must intervene to send immediate cash advances to producers who are short of liquid assets. This advance should be adjusted according to the size of the farm operation and according to the anticipated timeframe for implementing an ad hoc program.

[English]

The Chair: Thank you, Mr. Chouinard.

Monsieur Gemme.

[Translation]

Mr. Philippe Gemme (President and Farmer, AMA-Terre): Good day. I would like to thank you for welcoming me here today. I am very nervous, but I will do my best. I would like to introduce you to my group.

My name is Philippe Gemme, farmer and spokesperson for AMA-Terre. AMA-Terre is made up of producers of various products. We manage a total of 3,000 acres of potato fields in the municipalities of Saint-Amable, Sainte-Julie, Saint-Marc-sur-Richelieu and Saint-Mathieu-de-Beloeil, among others.

I am here to give you more information regarding the human drama taking place among producers in various sectors.

Each of us has to deal with the disastrous consequences of the discovery of this parasite every single day. I am weighing my words carefully. This discovery resulted in harsh emergency measures with which we have had to comply, which we have done with great diligence.

September 27, 2006 was one of the hardest days of my life. I had to announce to my region's producers, while accompanied by Canadian Food Inspection Agency and Agriculture and Agri-Food Canada officers, that there would be a regulated area within Saint-Amable, that their lives would be turned upside-down and that our region's economy would be severely affected.

But that's not all. There are also extensive consequences on the youth who were here and ready to become the next generation of

producers. Most of our children studied at the *Institut de technologie agroalimentaire* (ITA), where they underwent agricultural training. They were ready to take over our businesses. How can we tell them that their future is no longer here, in the fields where they grew up? How can we tell them that they will have to farm other crops, or even take up another profession altogether? How can we encourage them when their dreams are crumbling? All of these issues are bringing about economic constraints that will affect them more than others, both now and in the future.

Today, the region's stores are full and none of these potatoes can be found on the consumer's table. In addition, the golden nematode working group recommended the destruction of all remaining potatoes and financial compensation for producers for losses incurred as a result of this recommendation.

Some producers were forced to buy, with much consternation, potatoes from other regions in order to keep their food markets and their employees. We have had to suspend payments to various suppliers and financial institutions because of the obvious lack of liquidity. This is keeping us awake at night, because we take our commitments very seriously. We are here today to issue a distress call, an SOS. It is imperative that we survive what is going on right now.

Several producers have not sold anything since August, and debts are accumulating. The value of our land is plummeting and our sales are in free-fall, both for 2006 and for years to come. Our farms are threatened.

I would like to add something that I learned this morning. Approximately 80% of our land is currently infested with the parasite. On October 13, a minority of Quebec producers was unequivocally sacrificed in order to lift the US embargo. The Canadian government strongly negotiated these conditions so as to lift the USDA restrictions, while producers in Saint-Amable and the surrounding area were set aside in order to restart the Quebec economy, without negotiating short-term financial assistance.

This raises several questions. What will happen to the potato harvest in the coming years within the municipality targeted by the regulated area? What form of financial assistance will the affected producers receive in the short, medium and long term? Until now, no assistance has been offered by the federal or provincial governments and no ad hoc program has been put in place. The only program proposed was the Canadian Agricultural Income Stabilization program, or CAIS, but it is not adapted, nor is it adaptable, to the current crisis. Lastly, we would remind you that the Plant Protection Act allows the minister to order compensation in the event of such a disaster.

To conclude, since last August, several producers have not sold anything. The value of our land is dropping, our markets are ruined, our sales are in free-fall and our farms are threatened.

We are facing a veritable disaster. Faced with this urgent situation, on behalf of AMA-Terre, we are counting on your immediate support and efficiency to provide assistance to the affected producers. We are asking you to act immediately to meet the growing needs of the producers affected by the ministerial order and included within the regulated area.

Sorry for my language, I am very nervous.

•(1130)

[English]

The Chair: Thank you.

Mr. St-Aubin, you have a couple of minutes left. Do you have something else to add?

Mr. Richard St-Aubin (Vice-President, AMA-Terre): Yes, I do.

[Translation]

Hello, dear members of the Standing Committee on Agriculture and Agri-Food.

My name is Richard St-Aubin and I am here to speak to you about the ornamental production in Saint-Amable affected by the Ministerial Order. I am a nursery farmer myself, and a spokesperson for AMA-Terre. I am part of an industry that includes 5,000 business in Quebec, generating more than 40,000 direct jobs and revenues of \$1.5 billion a year.

On August 16, the CFIA informed us of the presence of golden nematode in our region, a pest subject to mandatory reporting, which led to the closing of the Canada-US border for all agricultural products coming from Quebec. On October 13, following an agreement between Canada and the United States, the CFIA informed us that a ministerial order was decreed, which placed restrictions on agricultural enterprises in our region and put them under quarantine.

Because of these measures, the five ornamental production businesses in Saint-Amable, four nurseries and one greenhouse, have already suffered considerable losses of revenue, estimated at over \$200,000. Their short, medium and long-term future is greatly threatened, even if the golden nematode does not directly attack horticultural productions.

For us, the 2007 started yesterday and today in order to meet demand for our respective markets. When we saw the magnitude of the disaster in our region, all of our physical preparation and planning were suspended since the month of September. We have tried in vain to find solutions. On October 13, we practically had our business shut down without having anything offered to us.

Until now, too few questions of a technical or financial nature have been answered. What about soil analyses? Is there some kind of certification that could allow us to sell our products? Who will compensate us for our present and future losses, additional costs, new measures, possible relocations and the loss of value of our long-term assets? It certainly isn't the current Canadian Agricultural Income Stabilization program that will be able to respond to the crisis currently faced by the region's farmers.

Our clients are abandoning us, are debtors are worried, our crops are staying in the fields, but the saddest part of all, is that we, our employees and our families believe that things won't ever be the same.

Until now, we have appreciated the support given us by the Canadian Food Inspection Agency, but time is of the essence. Our questions remain unanswered, and we are now asking them to the Government of Canada. In collaboration with the *Fédération*

interdisciplinaire de l'horticulture ornementale du Québec, we are submitting a memorandum describing the urgent situation affecting horticultural enterprises in our region.

Thank you for listening.

•(1135)

[English]

The Chair: Thank you, gentlemen.

We'll now move to our opening round of questions.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

Thank you, gentlemen, for coming before the committee.

I'm from Prince Edward Island, and we haven't had experience with golden nematode, but we have had experience with being shut out of the market due to problems moving into the potato industry. To this day there are still farmers suffering financial consequences as a result of PVYn and potato wart. So there are very serious consequences here if the government doesn't move quickly enough.

Within the regulated area you're saying there are 4,500 hectares and 1,250 are in potatoes. What about other crops? Are there restrictions on those crops as well, or are we just talking about potatoes? If we're looking at a compensation package, it has to look at anything that moves. Am I correct?

Mr. Richard St-Aubin: That's right.

Hon. Wayne Easter: On potatoes, I've heard two different points of view in the last couple of weeks. I'm told by some that because golden nematode doesn't hurt the tuber of the potatoes they would be available for processing if a processor would process them.

Am I hearing from you that the crop needs to be completely destroyed, or do negotiations need to be entered into to find a market for that product to limit the amount of loss?

[Translation]

Mr. Pierre Chouinard: Under the current agreement between the United States and the Canadian Food Inspection Agency, potatoes grown in fields that tested positive can only be sold in the processing market.

As we mentioned earlier, 62% of all potatoes grown in the Saint-Amable region are intended for sale in fresh markets, for consumption, for sale in grocery stores.

The two problems which arise are the following: firstly, varieties intended for the processing market are different than those intended for the fresh market. This is a major, immediate issue. Secondly, the processing market in Quebec is a market supplied by producers of processing-variety potatoes, which are covered by a marketing agreement with the certified processors association. Marketing contracts and agreements already meet 60% of their needs.

This means that at this time, there is nowhere in Quebec that can process crops from Saint-Amable, which were originally intended for other markets.

Mr. Clément Lalancette (Director General, Fédération des producteurs de pommes de terre du Québec): In addition, processors asked to take these potatoes must comply with a series of measures governing waste and waste water management, which they don't want to do. If they have the choice between potatoes coming from a producer for whom they will not have to comply with this Canadian Food Inspection Agency protocol and potatoes from Saint-Amable, for which they would have to manage their waste water, they'll choose the first option. Simply put, they don't want these potatoes.

[English]

Hon. Wayne Easter: There's no question about that. They have greater cleanup—their waste water. It may not be worth it at the end of the day.

How long is that region expected to be out of the market, or is it permanent? The golden nematode is there now, but what's the restriction timeframe? With potato wart a field is quarantined forever.

• (1140)

[Translation]

Mr. Pierre Chouinard: The parasite, the golden nematode, can live in the ground for 10, 15, 20, 25 or 30 years. It is currently found in Newfoundland and on Vancouver Island.

Tests have been conducted in the past in an attempt to eradicate the nematode, using Vapam or soil remediation techniques. Results were negative.

We are combating the nematode, a little bug, a microscopic worm that feeds off of the roots of the potato plant, which reduces crop yield by up to 80%. We do not have anything that can destroy this parasite at this time. This is a difficult situation.

The Canadian Food Inspection Agency affirms that in the following years, we will not be able to plant potatoes in the fields that tested positive.

Mr. Philippe Gemme: You spoke earlier about potatoes intended for processing. I experienced this as a producer. Let us speak in terms of vans, as that is a language that everyone can understand. Each van contains approximately 35 tons. I sent potatoes destined to be made into fries. We all know that fresh potatoes have to be reconditioned in order to be made into fries. However, under the protocol, these potatoes would need to be washed, a decision that I opposed. The potatoes started to rot two days later, and we had to throw them out. They weren't usable anymore.

As soon as we say "Saint-Amable", in either the fresh or processing markets, we see that people are scared to buy our product. In spite of our affirmations that the potatoes are fit for human consumption, just saying that they come from Saint-Amable provokes a reaction. A myth is being established.

Approximately 80% of the tests conducted in our fields came back positive. I'm not fooling myself: there probably won't be any more potatoes in Saint-Amable.

What can we do now? Our stores are chock full. Some producers have to buy their potatoes elsewhere, simply to maintain their client base. It's like selling potatoes for wooden nickels. Our potatoes are

stored, but we can't sell them. We have to buy potatoes from outside of the region in order to meet the needs of our clients and the markets. It is a sad situation.

Our employees don't have anything left to pack. We aren't working and we're not making any money. Our region employs 100 people in this field. At the risk of repeating myself, the next generation is worried and is wondering what will happen. We are talking about 2006, but what about the future of our youth? They're all asking me what they should do.

The Chair: Mr. Malo.

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

Thank you for joining us this morning.

I would also like to thank my colleague from Richmond—Arthabaska for introducing the motion inviting you to present this issue to the committee.

I would also like to thank the committee members for agreeing to see you.

Your presentation gave an overview of two issues. Firstly, there are unpaid accounts, and there is no money to pay the market. Secondly, there is the issue of what will happen to these fields.

I heard all these feelings of hopelessness. I even heard that a psychologist was called in to meet with the producers.

I would like for Mr. Gemme and Mr. St-Aubin to speak to me about what is going on in people's minds, because I am scared that they may commit a serious act that cannot be undone. Tell me about how these people feel, their state of mind.

• (1145)

Mr. Philippe Gemme: I visited all of Saint-Amable's farms, accompanied by representatives of the Canadian Food Inspection Agency and Agriculture and Agri-Food Canada. It was the worst day of my life. I saw all the emotion, the tears, the despair. People were shaking their heads.

Saint-Amable may not be a large municipality, but every producer markets, whether in the horticultural sector or in another sector. These are proud people, and the youth are ready to take over. You don't see that in other areas. We can easily count some twenty young men and women managing twenty businesses, which is a lot. The average age isn't even thirty years old.

The young people are, you could say, pushing the older workers into retirement. There is no lack of young workers to take over the farms. That day, people were wondering what was happening, what they were going to do. Destroying potatoes while the fields are good shape is unthinkable. It is unbelievable that there will be no potatoes in Saint-Amable in 2007. It is one of the nicest regions in Quebec. There's no irrigation, no rocks. The terrain is flat. We calculate an average of 300 hundredweights, at least, every year. Production costs are relatively low. Yields are high, compared to the provincial average. The boys can't accept when we tell them to plant corn at \$300 an acre when they currently make \$3,000 to \$4,000. They've maybe invested a million dollars in their buildings. For example, I invested over \$200,000 this year. In our region, custom work, whether it be leveling or drainage, is estimated at a half million dollars a year. Producers are having trouble coming to grips with the fact that there won't be any more potatoes.

Every day, the young people ask us what will happen next year. We also have to think long term, and say that next year, we could plant carrots. If we plant carrots, someone will be "bumped" down the line. Processing operations already have their producers, the carrot farmers. Morale is very low. I don't want to be an alarmist, but morale among the men, women and the young people is very low. People are wondering whether they'll have work next week, or in two weeks. We don't know. We don't have the answers. We are in talks with the federal and provincial governments, but things aren't moving forward. One thing is certain, the stores are full and bills have to be paid, but there's no money. This has to stop, and soon.

Mr. Richard St-Aubin: With regard to the horticultural sector and the nurseries, some productions are staggered for periods of one to ten years. We were asked to destroy plants because we transport soil. We extract the plants and transport soil. The nematodes aren't on our plants, they're in the soil. Our restrictions are huge. We all have particular processes. We are forced to get out of the markets, are lives are being taken away.

Our parents ran nurseries, we run nurseries, and our children want to do the same. A sentimental and emotional dream has been taken away. These are our lives! We raise our trees like they're our children, we take care of them, we feed them like we would a child. We are people who provide scenery and joy, and we've been cut off at the knees. We no longer have any means to survive, and we want to know what we can do to preserve our markets and find means to live. Our region is viable, there is no question about that.

Today, we are on the brink of disaster. Yesterday, we had to give answers to our clients, who are worried and afraid of nematodes. They don't know how the public will react to the nematodes. The general public doesn't really understand what is going on. We have to deal with this. It's out of our control. We have been cut off from the markets, we're out of the markets.

Thank you.

• (1150)

[English]

The Chair: You have 30 seconds left, Mr. Malo.

[Translation]

Mr. Luc Malo: You put these questions to Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency. How long

have you been asking for funds to help you to resolve this short-term crisis?

Mr. Richard St-Aubin: We have asked these questions since our first visits to the Agency. In the present case, we even asked too many questions too quickly. We got scared when we were told that we were faced with a monstrous problem, and we didn't get any answers to our many questions.

We were told that analyses revealed that 85% of our land was contaminated, but we weren't given the results for each tract of land. These results would allow us to determine which fields are infected. That is where we're at right now.

Mr. Pierre Chouinard: To answer your specific question, I think that nematodes were discovered in Quebec, in the Saint-Amable region, in mid-July or so. Since the beginning, we knew that this discovery would have a significant economic impact on the affected producers.

Two-and-a-half to three months later, we are still desperately seeking assistance for producers affected by golden nematode in Quebec. I think that this has gone on long enough. We have a parasite subject to mandatory reporting. It's an exceptional measure for an exceptional risk, and we have to have an exceptional program to cover these producers. They have better things to do than to worry about the financial impact of this disaster. They have to deal with the psychological impact. It's very important to them. They are asking for help to get through this crisis and a ad hoc program to cover their medium and long-term losses.

[English]

The Chair: Thank you, gentlemen.

[Translation]

Mr. Philippe Gemme: I would like to add something, if I may.

In the Saint-Amable region, land is worth about \$7,000 to \$8,000 an arpent. One would think that if people pay \$7,000 to \$8,000 an arpent, that it would be viable. We created AMA-Terre to be more united. But being "united" doesn't mean much when no money is coming in.

I don't have any answers to these questions. When I asked the person who called me what she was doing today, she told me she was having a drink, because she learned that another one of her fields tested positive. Another told me not to bother anymore, because it was pointless. That's the reality that Saint-Amable is facing.

Will we wait another two, three months? Will we wait until tragedy strikes Saint-Amable? If your pay cheque was cut for three months and you had to pay a \$350,000 mortgage, you can be sure that someone would be up in arms. That's what we're currently going through in Saint-Amable. We can't do anything, but we still have to pay our rent. How are we supposed to do it?

Please find an answer, because I haven't found any yet.

Thank you very much.

[English]

The Chair: Thank you, gentlemen.

Monsieur Gourde.

[*Translation*]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Hello.

I am a farmer, like you. The politician's life is new to me.

We have a tradition where I'm from. When someone goes through a tragedy, we go to see them. We have to know what you think about how things unfold afterward. We won't spend more time talking about your disaster, I think we've talked enough about it already. However, we have to decide what to do in the short, medium and long-term.

Do you think it's more important for us to immediately solve the short-term problem and that we set deadlines for medium and long-term solutions? Or should we resolve the whole situation at once? How would you like us to work with you?

• (1155)

Mr. Philippe Gemme: I will speak on behalf of the group. What is most important, is that people get paid tomorrow. The short-term is tomorrow, it isn't in three months. With regard to the medium and long-term, we should form a committee with the people of Saint-Amable and the UPA, and agree on what kind of future the residents of Saint-Amable will have. But right now, we need money to cover our minimum expenses. It may seem unbelievable, but we have to put food on our table. That's where we're at. We need money to pay for our groceries. That's the short-term situation.

Mr. Clément Lalancette: I would like to add that the short-term, as we've already said, is today and yesterday. It's an advance for a program. The medium-term is compensation for the 2006 harvest. With regard to the long-term, once announcements have been made to deal with this situation, the committee should go back to work and evaluate all of the possible impacts. We don't know yet what will happen to the fields next year. That's our long-term. Our long-term is the 2007 harvest.

To sum up, the short-term was yesterday, and an advance for the 2006 harvest. The medium-term is the 2006 harvest and measures to cover our losses, and the long-term is 2007 and beyond. Once the short-term objectives have been met, all of the impacts on production have to be evaluated. This is a first in the horticultural sector. Even if we asked the Agency what we needed to take into account for next year, they wouldn't be able to give us an exact answer. These matters still need to be studied.

Mr. Jacques Gourde: Does AMA-Terre speak on behalf of all producers, or will some producers prefer to proceed individually?

Mr. Philippe Gemme: AMA-Terre is made up of people affiliated with the UPA. Some black market producers aren't included in the group, but we still represent over 96% of producers who live off of their farms, be they small, medium or large. We represent all businesses, whether they are nurseries or potato, strawberry or asparagus farms.

We are talking about the short and medium-term. Take my example. The company that bought my potatoes informed me that it wouldn't buy them anymore if I continued to grow them in Saint-Amable. I have to move if I want to resign my contract for next year.

I'm only talking about my situation, but there are others. This isn't fiction, this is reality.

Mr. Jacques Gourde: We are talking about market shares that have taken years to acquire in Quebec and on the export market. Your producers undoubtedly want to continue to grow potatoes because they are equipped to do so.

Have you started to consider the possibility of growing in municipalities located outside of the region?

Mr. Philippe Gemme: There will have to be a serious reflexion with regard to government assistance. In my opinion, there will be tough choices to make this winter, specifically, who will continue and who will feel like continuing, given the restrictions. We can't forget about the restrictions.

Let's assume that government assistance is allocated in the medium-term at an estimated value of \$7,000 an acre and the producer, considering that his land value is \$2,000, decides to continue. The same producer could sell at \$2,000 an acre, and the government could compensate him for loss of land value. The person who buys this land at a reasonable price, even with the restrictions, could grow certain products. These are medium and long-term possibilities that need to be considered. But don't forget that producers who move to other regions won't necessarily be welcomed with open arms and given land.

I experienced this myself. I recently told a producer that I came from Saint-Amable. His reaction, "Oh yeah, the nematodes".

Mr. Richard St-Aubin: The restrictions imposed upon us are part of the problem that we are dealing with today. In the short-term, we need money, but in the medium and long-term, we need answers. The region's producers have bought stock and seed. This problem affects all of the production lines.

What can we do to sustain the markets that we have to protect? It isn't easy to meet with a major client and tell him that we don't know what's going on, that we can't give him any answers and that we don't even know whether we will be able to produce next year. This is the problem we are facing. If you come with me tomorrow to negotiate with these people, I'm not sure that you would talk to them about the nematodes in Saint-Amable. They would ask you what nematodes are and you would have to tell them that they can survive in the soil for 40 years. They would conclude that we would not be able to produce next year and they'd take their business elsewhere.

• (1200)

[*English*]

The Chair: Mr. Chouinard.

[*Translation*]

Mr. Pierre Chouinard: I would like to add that the 80% of the region's fields are infested. I think it's a pipe dream to believe that there will be potatoes in Saint-Amable next year. Even if nematodes weren't found in 20% of the fields, that doesn't mean they won't be there next year. The Agency will be constantly with us over the next five, ten, fifteen years, to closely monitor what is happening in the region.

It must also be understood that if potatoes aren't produced in this region, they'll be produced elsewhere. Finding 3,000 acres of land suitable for growing potatoes isn't impossible. It just takes time. I am just about certain that the producers will fight over any available land, if there is any. Whatever the case may be, they'll never find what they lost in Saint-Amable.

One thing that we shouldn't forget is that we signed an agreement with the United States to reopen the border. The border was reopened this morning. We should congratulate the Agency, who worked hard to get this done. Congratulations!

However, the importance of obtaining the sector's compliance is very high. It is possible that someone notices that one group in the sector is being cast aside in order to keep the border open. There is a risk that this story could come back to haunt us. The Agency told us openly. Quebec has to comply with the agreement. We will do our part, on the condition that the producers affected by nematodes are properly compensated. The impact on their businesses must also be mitigated, to allow them to get through this crisis. If this condition is not met, compliance with this agreement... we have to ensure that the sector complies with the agreement, so that the US sees that the Agency has the situation well in hand.

[English]

The Chair: Thank you, Mr. Chouinard.

I'm going to move on. Mr. Arthur.

[Translation]

Mr. André Arthur (Portneuf—Jacques-Cartier, Ind.): Mr. Chouinard, please give us an idea of the budget required to meet your explicit and implicit demands, whether they are intended for the Government of Quebec or the Government of Canada, make by the people sitting at the end of the table in order to deal with the past, present and future damages described earlier.

Mr. Pierre Chouinard: To cover all of the inventory and harvest in the Saint-Amable region, we are talking about a sum ranging from four to six million dollars.

Mr. André Arthur: You are speaking of inventory, but I asked you for the entire program. You spoke of your needs for next year, soil remediation and lost investments. What is the total for all of that? You mustn't hide it from us. You have to tell us.

Mr. Pierre Chouinard: We haven't studied that yet, Mr. Arthur.

Mr. André Arthur: There is no limit, is there?

Mr. Pierre Chouinard: As the expression goes, the sky is the limit. In the very short-term, we think that we have to help producers and cover the 2006 harvest. That would require about four to six million dollars. With regard to the assessment of medium and long-term economic impacts, the impacts on the labour force, the loss of market share and the consequences due changes to processes would have to be determined. This has been estimated at several tens of millions of dollars, and that's only for the potato producers. Imagine what it would be for all of the others affected. By opting to establish a regulated area in the region, the Minister must expect that there will be an economic impact, like there has been.

• (1205)

Mr. André Arthur: The Minister isn't at fault, it's the nematodes.

Mr. Pierre Chouinard Of course.

Mr. Philippe Gemme: We are all businessmen here. I attended a working group meeting. We had a decision to make: open 95% of the Quebec border because we were losing millions of dollars a day. I was the good old' boy in the room. I basically had to agree and say that it was a logical business decision. Only 5% would be left over. I would have liked for there to be an agreement in place before opening the border, because we all know how many millions of dollars are exported from Quebec to the US every day.

What difference can a day make for the government? It could have put in place a program to allocate \$50,000 per farm the next day, and set up an emergency plan afterward. But that isn't what happened: Saint-Amable was closed, we sacrificed it to the Americans and voilà!

What have we been told? Nothing to this point. But don't forget that it was thanks to Saint-Amable that the rest of the Quebec border was reopened. It wasn't thanks to the nematodes, we certainly never wanted any. All I know is that we have payments to make. The solution, is for us to be allocated money, and fast.

[English]

The Chair: Mr. Atamanenko, final questioning.

[Translation]

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you for coming. If I understand correctly, there hasn't been any provincial or federal aid to this point. Is that right?

Mr. Clément Lalancette: That's right, not to this point.

Mr. Alex Atamanenko: In addition, there is no way to process the affected potatoes. Is that right?

Mr. Clément Lalancette: No. The potatoes can be processed, but the processor has to comply with a protocol put in place by the CFIA. The processor has to have a wastewater management plan, etc. If processors have the option to do business with other suppliers, that's what they'll do.

Mr. Alex Atamanenko: No one wants to do this?

Mr. Clément Lalancette: No.

Mr. Alex Atamanenko: These potatoes will be affected for 20, maybe even 40 years. So that's it for the potatoes. Are there plans to adapt your businesses? The nematode affects potatoes, but other vegetables could be grown, in principle.

Does anyone have any ideas on this?

Mr. Philippe Gemme: Potatoes generate \$3,000 to \$4,000 an acre. Don't ask me to grow corn for \$300 an acre. If the government, for the greater good, were to agree to reimburse the difference for 10 years, we'll make a smooth transition and lower our costs. But it remains that it isn't viable.

Mr. Clément Lalancette: It should be stated that nematodes are present in Europe and South America. They learned to deal with nematodes. That is, they developed resistant strains, they rotate crops more often, they manage. In a few years, if it is discovered that nematodes are present throughout North America, as it is in Quebec, Idaho, Vancouver and New York, we will need to learn how to deal with it. That said, we're not there yet.

Some studies have revealed new ways for combating nematodes. Long-term measures, that is, those for the 2007 harvest, have yet to be determined. There are still a lot of unknowns. We need to reflect seriously on these questions. Can we live with nematodes? Can we control them? Can we leave fields bare for a few years, or rotate crops more often? These are the types of questions that we have yet to think much about. We'll have to get the experts involved.

When I am talking about the long-term, I am talking about 2007. The committee, which is spending a lot of time reflecting on the short and medium-term economic impacts, should reorient itself towards the study of this parasite and methods we can use to manage it.

Mr. Richard St-Aubin: We must also consider the restrictions arising from the presence of the nematodes. Equipment must be washed when it is moved from one field to another. If a producer decides to grow grain corn, he would have to wash his equipment between each field, to not contaminate the rest of the harvest.

The populace has been taken hostage. Our children walk and play in the fields. We have to set aside a tray of water for them to wash their feet before setting foot on uncontaminated fields. What we are going through is unbelievable. Everyone is affected. It's a real shame to see what is happening to our crops.

You asked us whether we can grow something else in our fields. One thing is sure, our markets are profitable. We've all said as much. Our profitability is our source of pride, and that's why we're fighting. But today, we're telling you that we can't make ends meet.

• (1210)

Mr. Alex Atamanenko: How many farms are affected?

Mr. Richard St-Aubin: About twenty.

Mr. Philippe Gemme: I am an innovator, but I don't have any answers today. I don't know where I'm going. I tell my son, daughter and child that I wonder what we're going to do next year. Usually, I can always come up with a solution to a problem, but right now, I'm stuck, really stuck.

We still want \$3,000 to \$4,000 an acre. When we talk about corn or whatever else, this possibility is already out of the question. It is hard to determine what our future holds. What will we do in Saint-Amable next year?

Mr. Pierre Chouinard: We could ask Saint-Amable's producers to grow something else in their fields, but markets like corn, asparagus or squash, for example, are already cornered.

An increase in supply of a good such as squash, for example, would have an impact on pricing, because the supply and demand curves for fruit and vegetables are very fragile.

When everything is taken into account, maybe, once the problem is analyzed to come up with medium and long-term solutions, that

we will ask the producers to grow something else. However, we would have to assess the economic repercussions on the markets resulting from the changes.

Mr. Alex Atamanenko: Do you feel trapped between two levels of government who are passing the buck to one another?

Mr. Philippe Gemme: We aren't the only ones who have gone through this. It was like this in the past too.

We don't care about jurisdictional arguments between the federal and provincial governments. The governments have to work together to find a solution. Let us take a little break. Distributing the money is your job.

I am speaking on behalf of the producers. What we want is to be listened and supported. Similar problems will occur in the future. As president, I have managed to calm down AMA-Terre's members, who are enduring a period of relatively high stress. I wouldn't want them to things like spreading their potatoes around. The borders are very fragile.

I don't have any answers to give them. I try to give them a ray of hope every day, but there is no hope and no money. I won't be able to keep them settled down much longer. How can we live without money? I said it earlier: no revenues, no money, no payments. That's our short-term situation. In the medium and long-term, we'll sit down together and come up with a plan for the future. There will be a solution.

Mr. Richard St-Aubin: Federations are working with us to come up with solutions. It is important for us to all work together in order to come up with most accurate possible overview of the situation. People's net worth is in jeopardy right now and in the future. It is important to get answers to these questions.

Mr. Alex Atamanenko: I would like to add something. I don't think that it is up to the committee to make a visit. The government must act. We don't need another visit to know what is going on. The government needs to act to help its people. I don't think there is any other option.

[English]

The Chair: Thank you, Mr. Atamanenko. We've actually discussed that option before and I'm sure it will come up again.

Gentlemen, thank you so much for your passionate plea here today. We thank you for that. There will be a report forthcoming from this committee. Certainly, these discussions will carry on.

I thank you again for your presentations today.

This meeting stands suspended. Don't go away, everybody.

• (1215)

(Pause)

• (1220)

The Chair: Let's come back to order and move on, folks. Everybody is at the table

With us for the second half, for a briefing on the Canadian Wheat Board, from the Frontier Center for Public Policy, we have Rolf Penner, farmer, director; from the UPA of Quebec, we have Denis Bilodeau, vice-president, and Serge Lebeau, senior international trade manager, fresh from Paris. He came back to join us today.

Thank you for coming, gentlemen. If you would care to start, I'll have you give your presentation.

[Translation]

Mr. Denis Bilodeau (Vice-President, Union des producteurs agricoles du Québec): Hello, Mr. Chairman.

I will be speaking in French. I will try not to speak too quickly, so that the simultaneous interpretation can be clear.

My name is Denis Bilodeau and I am second vice-president of the *Union des producteurs agricoles du Québec*, the UPA. I am happy that you have welcomed us this morning to hear about the maintenance of the Canadian Wheat Board. This issue is a constant worry to the Union, and we are happy to be able to file a memorandum today.

You are already aware of the UPA. I just wanted to remind you that we represent approximately 43,000 farmers in Quebec, working on 31,000 farms.

The work and market development context in Quebec is particular. We worked very hard at putting in place marketing agencies, contingency plans and a collective approach to marketing. Our memorandum revolves around these issues.

I invite Mr. Serge Lebeau to make the presentation.

Mr. Serge Lebeau (Senior International Trade Manager, Union des producteurs agricoles du Québec): Hello Mr. Chairman and members of the committee.

You already know that the Canadian Wheat Board ensures that producers earn fairer and higher market revenues. It guarantees stable and foreseeable supply for the agroprocessing industry. It generates more than 14,700 direct and indirect jobs and yearly revenues of \$852 million. It's a remarkable formula that maintains family farms that respect the environment, which contribute to the economic vitality of the region while defining the rural landscape.

At this time, all signs point to the Conservative government following up on its election promise to give western producers the choice to market their grain on the export markets. It goes without saying that if this were to become reality, it would serve to dismantle the single desk currently in place and, eventually, spell the end of the Canadian Wheat Board.

On July 27, the Government of Canada held a round table discussion on the marketing of wheat and barley in the Prairies. This in camera meeting was attended by Mr. David Anderson, Parliamentary Secretary, Mr. Chuck Strahl, the Minister of Agriculture and Agri-Food, various academics and industry representatives, as well as representatives of the provinces concerned.

Furthermore, although some farmers were present at the meeting, there was no one representing the Canadian Wheat Board, the Canadian Federation of Agriculture or any provincial agricultural organizations. In fact, the participants did not actually talk about maintaining the current single desk. Assuming that they were all in agreement, they were asked to talk about ways to give more freedom to producers with respect to the marketing of wheat and barley in the Prairies.

Moving forward, the Minister of Agriculture and Agri-Food just created a task force on implementing marketing choice for wheat and barley. This task force must complete its work and submit recommendations by the end of October. In light of this information, we believe that it is imperative that the Standing Committee on Agriculture and Agri-Food intervene in this matter.

I will now speak of our concerns.

We believe the government's approach to be erroneous, as it disregards the Canadian Wheat Board Act, under which any decision that serves to modify the single desk must be taken by the producers. I am referring here to subsection 47.1.

The federal government's approach is even more worrisome when taking into account that on October 5, Cabinet passed a bill prohibiting the Canadian Wheat Board from advocating the retention of its monopoly powers. Those are the terms used in the order. In our opinion, the basic tenets of democracy are being challenged.

The producers are also worried about maintaining their right to put in place organizations to control marketing. Do we have to remind you that these collective tools were the wishes of producers who expressed themselves democratically?

The limits of the federal plan.

The majority of Western producers want to decide the future of the Canadian Wheat Board themselves. A survey of 1,303 prairie grain producers conducted by the Canadian Wheat Board between March 15 and April 2, 2006 revealed that 75% of respondents said that a plebiscite or referendum among farmers is the most appropriate way to make fundamental changes to the Canadian Wheat Board. Ninety percent said that any decision to end the Canadian Wheat Board single desk should be made by farmers and not the federal government. Sixty-six percent opposed anything that would weaken the Canadian Wheat Board and 63% said they'd prefer wheat marketing remain the sole responsibility of the Canadian Wheat Board.

The limits of voluntary marketing agencies.

In Quebec, elsewhere in Canada and throughout the world, a number of voluntary marketing agencies failed not long after they were created, whether they were set up to market grain, milk, pork, potatoes, apples or greenhouses, all of these experiments, which date from the 1990s, could not be sustained. The UPA studied why these models failed in Quebec. What they found is that among these cases, they all lacked a critical mass of the product to be marketed and the corollary to that, a lack of producer compliance. Another major factor was the negative reaction by competitors, who used every possible means to bring those systems down.

Based on experience in Quebec, we have every good reason to assume that freedom of choice when it comes to marketing grain in the Prairies will eventually lead to the elimination of the Canadian Wheat Board and will have negative consequences for producers, including lower prices.

Our requests.

It is imperative that the Standing Committee on Agriculture and Agri-Food object to the actions taken by the Conservative Government to dismantle the single desk administered by the Canadian Wheat Board.

• (1225)

Under subsection 47.1 of the Canadian Wheat Board Act, the federal government should give prairie farmers the freedom to decide what changes should be made to the Canadian Wheat Board.

Thank you.

[English]

The Chair: Thank you, Monsieur Lebeau.

Mr. Penner.

Mr. Rolf Penner (Farmer, Frontier Center for Public Policy): Good afternoon to you, committee members. Thank you all for inviting me here to share my thoughts with you on the Canadian Wheat Board. I'd like to start by saying that I'm here not only as the agricultural policy research fellow for the Frontier Centre but, more importantly, as a farmer from southern Manitoba who's running 1,700 acres of land and whose primary source of income is that farm.

I have grown up and have had to live under the thumb of the Canadian Wheat Board monopoly my entire life. Personally, I am very excited about the current government's plans for marketing choice and the role that a new invigorated Wheat Board will play in that.

Let me bring you up to speed a little bit on what the situation is with me and my neighbours since harvest wrapped up about a month ago. I'll mention some of the cashflow issues we're having.

Right now we are in the middle of a really major rally going on in the wheat markets. We're at the highest levels today that we've seen in 30 years. We can't take advantage of it, and it's incredibly frustrating. The little bit that we can price out, we can't deliver, which means we can't get paid for it.

Instead, if we need cash, and most farmers do in the fall in order to pay their bills, we are forced to sell our other crops at prices that right now are lower than where I expect them to be later this year. In some cases, it's below the cost of production. If we were free to sell our wheat, we could hold on to these crops until those prices improved and actually make money on everything.

Equally frustrating in all this is that, if this current rally were occurring in any other crop, I could right now start selling next year's production at a guaranteed profit. But I can't. The primary reason is not the Wheat Board; it's the Wheat Board monopoly.

I can't tell you the number of times in my life that I have seen these kinds of opportunities fly by when it comes to board grains. One of the most frustrating times that I remember was the 2002-03 crop year. In that year we were able to sell most of our non-board crops for anywhere from above-average prices to some record prices. There was a really good general rally going on in all crops, wheat included. Not only did the Wheat Board completely miss this rally, it did such a poor job that it ran an \$85 million deficit in the pool accounts, which have to be covered by the taxpayers of Canada.

What should have been a banner year for prairie agriculture wound up being another one in which we struggled to make ends meet.

In its current form, the Canadian Wheat Board sits like a wet blanket over the entire prairie economy—starting at the plant breeders, through the farm gates, on to our rural communities, into our cities, and right on out through our ports. This dampening effect is widespread, pervasive, and very tangible. It's high time that we give this wet blanket a well-deserved airing out.

A monopoly may have been appropriate in the days when we were negotiating five-year contracts for millions of tonnes to the Soviet Union, but it certainly is not an effective marketing tool for negotiating small, single-lot sales into individual flour mills and niche markets. The board's own sales records are showing us that this is the trend. They are selling more of less—smaller amounts to more and more customers all of the time. This is not a phenomenon unique to wheat. We are seeing this with more and more commodities and more and more products all over the world. The future of business in general is selling more of less.

Equally important is the fact that we are no longer the lowest-cost producers of grain in the world. We must instead compete on the basis of identity preservation of specific traits, traceability programs, and precise quality standards for each shipment. The current Canadian Wheat Board model was designed for large bulk exports. It's not able to compete successfully in these new specialty high-end, fast-moving world markets. It was just never designed for this.

Some fear that tinkering with the board's monopoly power would result in a loss of jobs. This fear is particularly a concern in my home province of Manitoba. The truth is that under the current arrangement we have been bleeding jobs for decades. The grain industry is steadily consolidating because of a lack of access to new opportunities. We continue to lose farmers because they cannot pursue new markets at home or abroad. Every unprocessed bushel exported is another lost possibility, another lost opportunity, and another lost job.

• (1230)

I am talking specifically about value-added processing. I'm talking about flour mills, pasta plants, malting facilities, and a wide range of speciality products that are all currently being stifled in western Canada. We should be exporting meat pies, not bulk wheat and live animals.

Then there is the development of new wheat and barley varieties, especially the high-yielding ones for feeding livestock. New uses, like nutraceuticals and bioenergy, ethanol, are all currently being hampered with regulatory bias toward the type of grains that the Canadian Wheat Board sold in the good old days.

All of these things I'm talking about will happen, but if we continue along this current monopoly path they will happen elsewhere. In fact, they are happening elsewhere.

For example, when we compare the level of investment in value-added processing in Ontario and in the northern U.S. states, it is two or three times the level that we see on the Prairies. This is according to a study done by the George Morris Centre. The world is not only quite literally passing us by, it's leaving us behind in its dust.

Let me give you a specific example. A couple of weeks ago in Australia, a small farmer by the name of Doug Couche recently fulfilled a dream that western producers would love to emulate, but today in Canada is illegal. He opened his own flour mill. Gasp! This gives him the final link in a chain that takes his farm's durum wheat from the farm gate to the gourmet dinner plate. He is now selling pasta successfully into, of all places, Italy, the home of pasta. This is unbelievable. And he is doing it successfully. That's like trying to take coal to Newcastle.

This pasta of his is now being sold in more than 500 stores all across Australia, Italy, the United States, the United Kingdom, Dubai, and Korea. He is not afraid of the multinational bogeyman, because he, a small farmer, is now a multinational himself.

Many claim that a dual market in wheat and barley is a metaphysical impossibility. They say it's not going to work and it would be the end of the Canadian Wheat Board. That is exactly what the doomsayers said with regard to another monopoly that I am personally very familiar with: Manitoba pork. Not only did it survive the loss of the single desk, it is thriving in the new marketing environment. It retains a full 30% of the market share of what is now—and this is crucially important—a greatly expanded marketplace. It is marketing more hogs now than it did back in the old single desk days. We saw the same thing with Saskatchewan pork, Alberta pork, and we see the same thing with Ontario wheat. It really is amazing how a little choice and a little competition can really improve things.

In sharp contrast to this, the acreage of Wheat Board grains in the west keeps dropping, as does our market share. Ten years ago we had 20% of the world's share. Today it's 15%. Five years from now, it's predicted we will be down to 10%. The writing is on the wall. The status quo isn't working, and things have to change.

I would like to remind you all at this time of one of the recommendations of the all-party standing committee, which talked to hundreds of farmers across the country in 2002. I think a lot of you were on that committee, and I will quote your recommendation directly: "...that the board of directors of the Canadian Wheat Board authorize, on a trial basis, a free market for the sale of wheat and barley...".

I am pointing this out because it shows that the support for marketing choice is far more widespread than we're being led to believe by a lot of people, and it goes far beyond mere ideological and partisan political positions.

As to the question of a plebiscite on dual marketing, I echo the sentiments of former Manitoba NDP cabinet minister, Sidney Green, who was quoted in the *Winnipeg Free Press* last week as saying, "The wheat board is an organization that was created by a democratically elected government. Absent government creation, the wheat board would not exist. It is important to remember that what a democratically elected government createth, a democratically elected government can taketh away."

There is the question of civil liberties in all this. Yes, there are strong economic arguments. The research that I've done with the Frontier Centre shows that. We're talking tens of thousands of dollars of increased income for individual farmers across the Prairies,

probably three-quarters of a billion to a billion dollars a year if we look at them as a group; 26,000 extra jobs in value-added processing; another \$1 billion to possibly \$2 billion in extra economic activity because of that value-added processing. These are strong pervasive economic arguments.

●(1235)

But there is the question of civil liberties. When is it appropriate for the state to allow one group to vote away the civil liberties of another group? There should be no such thing in a free and democratic society as the right to vote away civil liberties. We're not talking about electing a government here, and we're not talking about finding out who likes strawberry ice cream better than chocolate. In this case, if strawberry wins, not only are you not allowed to buy chocolate, but if we catch you with chocolate ice cream, you're going to jail.

What this is all about is finally giving western farmers the freedom to run their businesses in the way they think is best—not how the government thinks is best, and certainly not how their neighbours think it should be run. Western Canadian farmers should be able to enjoy the same rights, freedoms, and civil liberties as the farmers in the rest of Canada do. It is not right, in this day and age, that they are still forced to sit in the back of the bus.

There are two extreme positions that dominate this current debate. The one holds that the forced collectivization of wheat and barley growers is for their own good. The other says that the federal government has no business being involved in the marketing of grain in any way whatsoever. To its credit, the federal government appears to have found a sensible middle-of-the-road compromise between these two very polarized extremes. It's one that recognizes a very simple universal fact: there is no one absolutely right way to sell wheat and barley that works for everyone all the time. The government intends to let individual farmers who want to sell their own crops do so and, at the same time, let those farmers who are more comfortable selling their grain on a collective basis keep that opportunity as well.

I believe not only that moving forward with this agenda will be in the best interests of our farmers, but that it's in the best interest of Canada as a whole, as it would promote rural development across the Prairies by declaring to the world that, hey, the wet blanket is off and western Canada is now open for business.

The Chair: Thank you, Mr. Penner.

Both groups have been short and succinct, and that's fantastic.

We'll move to our first round of questioning. Mr. Easter, for seven minutes, please.

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

My questions will be to Mr. Penner, who seems to live in quite a dream world, but in any event—

●(1240)

Mr. Rolf Penner: I make my living in that dream world, Mr. Easter.

Hon. Wayne Easter: I do too.

Let me just turn to your brief on the airing out of the wet blanket. You're basically saying that the Canadian Wheat Board model was built for large exports and that it's preventing sales of high-value crops. Well, Warburtons, which is a company, just announced a little while ago that they'll purchase 250,000 tonnes of high-quality wheat from about 730 farmers, many in Manitoba and Saskatchewan. They will do it in such a way as to not let the lowest seller set the price. That is holding prices up, so I just point out to you that your wet blanket argument doesn't hurt.

Furthermore, I just cannot understand why the opponents of the Wheat Board—and we'll go to your Australian example, Mr. Chair—continue to perpetuate this myth that there can't be any processing or development of pasta plants. The fact of the matter is that western farmers have exactly the same ability domestically. There is the buy-back program for export, but western farmers do have, within their abilities, the same ability to mill their own grain in their own mills and sell that resulting production directly to Canadian consumers from one end of the country to the other. If they sell it outside the country, then they have to do it through the buy-back program.

So you continually perpetuate these myths.

I'll make one last point before I go to answers, Mr. Chair.

Mr. Penner goes to great lengths to talk about the Carter–Lyons–Berwald study, which is a study, Mr. Chair, that I believe you know has been completely discredited by academic people with academic credentials, for one simple reason. It arrived at its conclusion, in terms of Carter–Lyons–Berwald, by comparing farm gate sale prices between the United States and Canada without accounting for the distortion of American subsidies, including the export enhancement program.

Even on spot prices, when you folks get into comparing spot prices of crops, you basically get into comparing a different variety of crops, but not the same grain. The fact of the matter is that I know one variety of grain you're quite enamoured over, Falcon. Yes, the spot price is sometimes higher for it. But what do the Americans do with it? They buy Falcon, a lower-quality grain, and they blend it in with the higher-quality grains and sell the product.

So it's not a fair comparison, Mr. Chairman.

I guess the question is this: where we do have accurate figures? We listened to your figures, and you say probably, probably, probably. I heard the same arguments from many people during the Crow rate fight. Just get rid of the Crow rate, my God, and we'd be wealthy and prosperous in western Canada. Now these very same people are saying the same thing about the Canadian Wheat Board. But you have no concrete studies to prove so, unless it's the discredited Carter–Lyons–Berwald study.

The Wheat Board, though, in response to the task force report that they tabled on their website, claims—and they back it up with documentation, and there is the independent study by Hartley Furtan—that the loss to the industry collectively in western Canada would be between \$530 million and \$655 million. How are you going to compensate for that loss when we have it? That's my question.

Mr. Rolf Penner: Mr. Chairman, I would be glad to answer as many of those questions as I can in the time allotted.

Let's start where Mr. Easter left off, with the Wheat Board-sponsored studies that supposedly are legitimate. I've had a good look at those studies and at the Furtan study, which he referred to. The problem with these studies is that they're cost-benefit analyses that don't list any costs. They don't go back to the farm gate, and they're based on a secret data set that no one's allowed to verify. Other than that, they're great, but I'm not going to bet my life on them.

As for the spot price comparisons on Falcon—and yes, I grow Falcon on my farm—as of last Thursday, the difference between the Wheat Board pool price and what I could receive at an elevator in South Dakota, very close to my farm, was \$1.11 a bushel. That is a real world number, not from a study. Yes, you can get a bit better with the fixed-price contracts, but that's going to end at the end of this month. On that particular day, I was leaving 60¢ a bushel on the table.

It really is disingenuous of the minister to try to suggest who I should believe—him or my own lying eyes.

As to the Carter–Lyons study, it was done very rigorously, and again it compares farm gate prices, which is where it actually matters.

The buy-back program is again incredibly disingenuous. Yes, there is a buy-back program, and you get to buy your own grain back, which is an absurdity in itself. My bin in Manitoba bases the price out of Vancouver, which many times is the kind of price Tony Soprano would charge, which is why hardly anybody ever does so.

Concerning the value-added processing, again the honourable minister is mistaken—

● (1245)

The Chair: The honourable member.

Mr. Rolf Penner: Member, sorry. I'm a little rusty with my protocol.

The Chair: All right. I didn't want to confuse anybody here.

Go ahead, Mr. Penner.

Mr. Rolf Penner: Fair enough. We know who we're talking about.

I was quoting the George Morris Centre study specifically, and it is very easy to compare the levels of investment. Either you have investment or you don't. Yes, we do have investment in the prairie provinces, but it is nowhere near the level it should be, and this is specifically because of the monopoly. I can give you an example with malting barley especially.

In the west, we should be the malting barley capital of North America, due to the economics. The only reason we're not is that maltsters need to be able to contract directly with the producer to get the kind of specs they need. I believe it was either in 2004 or 2005 that we saw about \$400 million worth of malting investment in the northern tier states, even though there was a \$35 to \$40 a tonne advantage to malting that barley in Canada. The reason it went south was the monopoly.

Mr. Chairman.

The Chair: Thank you, Mr. Penner.

We'll move on to Mr. Bellavance for seven minutes.

You're a minute and a half over.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): I would like to thank you for your testimony.

The Bloc Québécois has given its position on the Canadian Wheat Board, and I can't tell you how much of a stir it caused. We were the target of insults. Of course, we come from Quebec, and everyone knows that the Canadian Wheat Board does not apply to Quebec.

Mr. Lebeau and Mr. Bilodeau, after hearing your testimony, I am tempted to play devil's advocate. I wonder why you are here to talk about the Canadian Wheat Board. It doesn't concern Quebec. Our grain producers are not subject to the Canadian Wheat Board. Certainly, you have the right to your opinion on this matter. We do the same thing as politicians.

How is your intervention relevant, given that it doesn't concern Quebec?

Mr. Denis Bilodeau: Our intervention is primarily focused on the concept. Having experimented in marketing agricultural products over the years, I would say that there is a great temptation for a producer—and I think it's human nature—to try to get a better price than his fellow producer. According to my observations, producers who don't know how to adopt a collective marketing approach constantly believe they are getting the best price. However, when they meet their friends at the bar and get more information, they find out that it wasn't them who got the best price.

The collective approach allows the marketed supply to be grouped together. Whether they want to or not, the stakeholders on the other end of the equation, the buyers, team up and work in this fashion. The concentration ensures that today, buyers purchase very high volumes. The same thing applies to foreign contracts. The large exporters determine the price.

It is easy for a producer to believe that he has a value-added product that corners a niche market. In Quebec, we believe that maybe certain aspects of the Canadian Wheat Board need to be modernized. After all, this infrastructure has been in place for 70 years. If constant studies of this collective approach reveal that there are improvements to be made, they will be made using a collective approach.

In Quebec, we also experiment with the added value and distinct market approach. When it comes to agricultural products, the important thing is to identify consumer needs and meet them. As soon as the consumer requires a specific quality or characteristic for a specific product, the objective is to meet this demand. This is made possible through a collective approach.

We do business with marketing agencies in Quebec, for milk production, among others. Certain particularities apply in the case of organic milk, which meets a specific need. The collective approach allows us to buy and sell this milk through a system that allows us to maintain a consistent supply and prevent inventory shortages, and to ensure that volumes meet the needs of the market. This approach has always proven beneficial to producers as a whole. It guarantees revenues for the majority of farmers. There's a proverb that says not

to throw out the baby with the bath water. That provides a brief overview of the situation.

We have to be aware that once compliance with the Canadian Wheat Board becomes voluntary, it opens a huge breach in the system. A voluntary approach changes the effects and synergies of the collective approach as it relates to markets and pricing. Producers end up being in competition with one another, which means that prices are constantly negotiated lower. This would have much significance for Quebec farmers.

• (1250)

[English]

The Chair: Did Mr. Penner have a comment?

No? Okay.

[Translation]

Mr. André Bellavance: I have another question.

The Conservatives also accused me of comparing the Canadian Wheat Board, an important collective marketing tool, with supply management, the other important collective marketing tool in Canada.

Evidently, that wasn't the comparison I was drawing. I was expressing my apprehension towards the attitude of the Conservative government, who is facing enormous pressure from the WTO, especially from the Americans and the Europeans. Mr. Lebeau, I think you know about this. The Bloc Québécois brought in ambassadors. You were there when we spoke of supply management. The UN ambassador told us that the Canadian Wheat Board and supply management were the two systems that irked them, let us say.

What I'm concerned about is the possibility that we get rid of the Canadian Wheat Board. What would happen after that? I received a news release prepared by the Canadian Federation of Agriculture. Laurent Pellerin is the CFA's Vice-President. He is also your President at the UPA, Mr. Bilodeau and Mr. Lebeau. The news release, which specifically deals with the future of the Canadian Wheat Board, states the following:

What kind of precedent would that set for the future of other farmer marketing tools here in Quebec, or in any other province?

I'm basing myself on this to say that we could ruin the collective marketing tool to then... we have the right to make this concern known. I wanted to know what you thought about it.

Mr. Denis Bilodeau: Mr. Lebeau was there. I'll let him take over, and then I'll wrap up.

Mr. Serge Lebeau: To return to your first question, there is solidarity between producers, and that solidarity guides the *Union des producteurs agricoles du Québec*. We have solidarity with the western producers. We are part of the same Canadian federation. It's also a question of principle. There is a law that states that the future and destiny of an organization like the Canadian Wheat Board must be debated and decided by the producers. If they decide to put an end to the single desk, that's their decision.

That's how things work in our industry. For a joint plan to be adopted, it needs 66% of the vote. Not 50% plus one, 66%. If we want to implement a collective marketing plan—for example, a joint plan for strawberry production—it needs 66% of the vote. The Farm Products Marketing Act, which came into force in 1957, states that it has to happen this way, and we support this.

Organized collective marketing has effectively suffered a breach. We wonder what the next step will be. This doesn't only affect supply management. We use collective marketing for many production lines, including potatoes, apples and pork, among others. This is a great concern for us. Know that many buyers would love to see freedom of choice, so that they can call the shots. We have a lot of statistics to back up our point. For example, when we started electronic auctions in the pork sector in 1989, we noted that the difference in prices paid to Quebec producers compared with American producers was about \$25 per 100 kilograms. After the auctions started, we saw that our prices caught up to those of the Americans. So you can see the advantages that can arise out of collective marketing.

Again, it will be up to the western producers to debate this point against those who in favour of these advantages. In our opinion, we are convinced that there is an advantage. There are large farmers within the pork sector in Quebec. Initially, they were very skeptical and thought that because they had high production volumes, they would get the best prices. However, these producers realized that they would get a better price by regrouping all of the production and collectively negotiating with buyers. That's what happened.

• (1255)

[English]

The Chair: Make it very short.

[Translation]

Mr. Denis Bilodeau: The important thing is to return to where producers have control of the situation. Mr. Penner stated that the government imposed directives, directions and a market on the producers, but that isn't what should be done. There are democratic structures built up within the Board. It has to be able to play its role. If there are changes or updates to be made to the structure, the producer committees within the structure are able to make proposals and vote on future directions, and not proceed with dismantling the whole thing right off the bat. You should be aware that if we adopt a voluntary approach, a lot of buyers will be very happy. The survival of the Canadian Wheat Board is seriously threatened, that much is clear.

[English]

The Chair: Thank you, Mr. Bilodeau.

Mr. Anderson, seven minutes please.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): I found this last part of the discussion interesting, because the Canadian Wheat Board, as we know, was never put in place by producers. There was no plebiscite, and you certainly wouldn't get 66% support for maintaining it. I found it interesting that your marketing boards are required to reach 66% in order to be established and maintained. I know that even the latest Wheat Board survey shows that 54% of farmers wanted change, so we

know a majority in western Canada would like to see changes to the system.

I should also express, and I think André was trying to be a little mischievous here, that the Conservative Party has been clear in its support for the supply management system, and that will continue. We were also clear in the election campaign that we were going to move to marketing choice for the Canadian Wheat Board. Our policy has been clear; we've been consistent with it, and I think you can count on us to continue to be that way.

Wayne made a comment earlier about the fact that he doesn't like some of the figures that are used. He talks about how we use probably, probably, probably. I wanted to correct you on one of the numbers you used as well, because I think we're getting some of this on both sides of the issue. When people talk about the benefit to the Wheat Board, we've had a variety of figures. We've had \$200 million per year, we've had \$500 million, and now we hear \$525 million to \$565 million. We've had \$820 million; and you brought a new high of \$852 million, I think you said, in your presentation. I guess we'll soon expect someone to hit \$1 billion on the anticipated figures.

In reality, I think Mr. Penner is probably more accurate when he's talking about the fact that there is a huge cost in western Canada. We're looking at 15,000 to 20,000 jobs in value-added development. We don't have up to \$2 billion a year on the value-added side of things. We've heard in other areas of the committee that the KVD system—our grading system, which does not apply in Ontario and Quebec—costs us somewhere between \$100 million and \$400 million as well. The direct costs to the Wheat Board, according to George Morris again, are \$15 to \$22 a tonne. There is money being thrown around on both sides of this, but clearly there would be huge benefits to western Canadian farmers if we can make some changes.

I think Mr. Bilodeau said we don't want to throw the baby out with the bathwater. Mr. Penner, you work under the Wheat Board. Can the Wheat Board survive as one option in a western Canadian marketing choice environment?

• (1300)

Mr. Rolf Penner: Absolutely. There's no reason to believe that it can't. All of those pork boards that I mentioned are still operating, and operating viably.

I realize what the gentlemen from Quebec are talking about—some of the Quebec experiences. I've looked at these things on an even broader basis. I've looked at some World Bank studies on these kinds of actions. This is an older study, but it's still very enlightening. Between 1985 and 1997, more than 80 countries sold off 8,500 state-owned enterprises. This is exactly the kind of thing we're talking about, and they did it successfully.

Yes, there is the odd time when it doesn't work properly, but it is incredibly rare and it's not an overall indictment of the commercialization process itself. The failures usually are very predictable. If you don't go all the way, you're not going to get the right results. Usually it's because of poor practices, such as non-competitive bidding—the backroom variety—sloppy contract writing, inadequate monitoring of performance, and those kinds of things.

The odds of successfully transitioning the Canadian Wheat Board into more of an open market setting are extremely high. Most of the success stories we see around the world come from high- and middle-income countries exactly like Canada. It's because positive results happen in countries where you have a more market-friendly policy environment, and that's exactly what we're in here.

Mr. David Anderson: Some of the organizations and individuals supporting the present system have really ramped up the hysterical rhetoric about the consequences of what will happen if there are changes. Do you feel there are people on that side who would sooner see the board destroyed than see it changed?

Mr. Rolf Penner: It's certainly looking like it. I don't know if there is a poison pill out there, but I was one of the gentlemen at that Saskatoon meeting. I can't remember who mentioned it, but the Wheat Board was invited, and they refused. The transition committee that you have—they were invited. They refused.

Supporters of the board are not giving the board the freedom to be able to chart its own destiny. If they continue along that path, it's going to become more and more difficult to keep this organization around. I don't think they're doing service to their fellow producers by taking these kinds of hard-line ideological positions on the concept of forced collectivization; it's just not good for western Canada.

Mr. David Anderson: I would like to ask this of the UPA.

Do you believe that farmers should have the opportunity or the ability to sell their own grain directly to producer-owned processing facilities? Do you think that would be a good idea? Do you oppose that or do you support that kind of idea? If I'm a producer, I can take my grain and sell it to a producer-owned facility and then process the grain that way and gain benefit from it. Do you have a position on that?

[Translation]

Mr. Denis Bilodeau: As I mentioned earlier, balance will be achieved when there is only one producer and one buyer. Negotiating power would be equally divided. Once this objective is reached, we must be aware that several farms and producers living off of their businesses will have come up short and had to leave the industry.

If this is not the case, they will be in competition. This is what is happening, the producers are competing against one another. For a few, the minority, it will be profitable. This will create a concentration of producers, and one producer will gradually eliminate his competitors.

This is not the situation we're looking for. We want a large number of producers to be able to make a living off of their farms, that they are a positive part of their community and environment, and that their income is fair, compared to other members of society.

The advantage of collective marketing ensures that the smallest producer can sell at the same price as international marketing networks, which won't happen when that producer goes to the negotiating table by himself.

Marketing or added value approaches can have certain particular items in the production chain. We have a ways to go to be able to

recognize the involvement or added value of a particular product, but we can do it.

As I was saying earlier, this is not an approach that will threaten an institution created years ago, probably for the same reasons, to control the same situation as the one that we would have to deal with if the structure was removed. For grain buyers and negotiators, these structures are a hassle, and they're hampered to a certain extent because of them, because they can't deal directly with the producers. The buyer cannot negotiate with one producer, then another, to get a better price. However, we, who represent the producers, want our producers to make a decent living off of their farms.

You also know that the condition of the agriculture industry, generally speaking, in Canada and Quebec, is not in a position to blossom in the near future. Canadian farmers won't have it any better if the organizations and structures that have an influence on raising prices are removed.

• (1305)

[English]

The Chair: It was sort of a yes or no question.

Anyway, Mr. Atamanenko, for seven minutes, please.

[Translation]

Mr. Alex Atamanenko: Thank you for coming.

[English]

Thank you very much, Mr. Penner, for coming.

[Translation]

Yesterday, I spoke with farmers in northern Ontario. We all recognize that Quebec producers have it better than their counterparts in Ontario. The programs that were put in place in Quebec help the farmers, including the cattle farmers, which we used for our comparison.

Clearly, you do things that work well. You have this collective approach that you spoke of. I'd like to know more about what you said about the failure of voluntary agencies. I think that's the key.

[English]

And here also, Mr. Penner, maybe we could get your thoughts on the Ontario Wheat Producers' Marketing Board, which has gone from 100% of the wheat crop down to as little as 13%; or in other words, the average has been just over 20% in the last three years. In other words, how effective is the voluntary board? And we'll get to that.

[Translation]

You are here. Your president, whom I met with our leader, Mr. Layton last week, is going to Manitoba this week in order to speak with the Canadian Wheat Board. You aren't here to get yourself on TV or on the radio, so you evidently believe that this is an important issue. I'd like you to expand on this subject and to talk a little about the future.

How do you see the future of agriculture? Why do you think the Canadian Wheat Board will play an important role in the future?

Mr. Serge Lebeau: We have studied the question of voluntary agencies very seriously. They existed in the 1990s in the apple and potato sectors, among other plant productions. They were failures. Ultimately, they had to be abandoned.

Here are the reasons that I gave: there was no critical mass, and supply was divided. As a result, the competitors did everything they could to make these voluntary agencies disappear. That's what happened.

There are other examples of this in Canada. For example, the Ontario pork industry uses a mixed system. Producers can sell directly to slaughterhouses, but they have to submit their information to the board. There too, the results are mixed, because the information is never as accurate as it would be if the board was the selling agency.

We also examined the situation in England, in the United Kingdom. We found that there was a selling agency in the milk industry that was dismantled in the 1990s, and resulted in the price of dairy products plummeting for the producers, while the consumer price either stayed the same or increased. We have statistics on this.

This is the kind of impact that we expect here. The same thing will probably end up happening to the Canadian Wheat Board, it won't be able to survive voluntary markets. The farmers could be the biggest losers in all of this.

I will let Mr. Bilodeau complete my argument.

• (1310)

Mr. Denis Bilodeau: On the subject of support for the agriculture industry, when the time comes where farms will be shut down, year after year, because people can't make a living from them anymore, choices will need to be made. Government action will need to be taken.

If we want to obtain the highest possible prices for farms on the market, we will need government intervention. If not, the agriculture industry and groups of producers will disappear. We would have to deal with production concentrations, which isn't the outcome that we're looking for. These models weren't recommended in Quebec.

There are a variety of collective marketing structures. Recently, apple producers implemented a structure that is relatively unrestrictive, but which provides an overall, integrated picture of apple inventories.

It's easy for a buyer to sow doubt in the heart of a producer and influence prices: he can say that inventory is too low, or too high and that since there are heavy volumes, a given price has to be paid, if not, the producer has to sell for less later.

However, in a collective structure, production volumes are posted, and information on volumes and reference prices are available. This information serves to provide indicators to the buyers. And that's what we stand to lose.

[English]

Mr. Alex Atamanenko: Mr. Penner, what's your reaction? Here we have the collective approach, the so-called individual approach. In line with the question, how do you react to this?

Mr. Rolf Penner: A couple of things have come up a number of times concerning what the gentlemen have been saying. They've talked about critical mass and the voluntary system and that we need some government intervention to help out. In this case—the Canadian Wheat Board—the government intervention is not helping out. It is hindering us.

Earlier you asked about the Ontario experience and my thoughts on that one. Yes, when Ontario first went to the voluntary system they did go down to a 13% market share, but they've been coming up steadily ever since. The latest figures now show that they are at a solid 30% and growing. The reason they are growing is that they are now providing good services to their producers.

The key point is not only market share. Look at the acreage. The acreage in Ontario continues to increase, which means the producers are very confident in the system the way it is. They look at this and they say, "This is a good way of doing business. We're making more money. If we're making more money, we're going to do more of the same." And that's what we're seeing in Ontario. And that's what we've seen in the west when it comes to the pork boards. The idea that if you allow producers the individual choice, they will never, ever market their crops or their animals or their products collectively is disingenuous. Of course they do.

I'm also a pork producer, and I work cooperatively with a whole bunch of producers in Manitoba. In Manitoba we have probably a half dozen such organizations that are all successfully marketing hogs on a voluntary basis. It works to the benefit of all the producers, because you have that competition between those different groups. They want to maximize their return to their producers and they want to be able to try to bring other producers in from other places and grow the industry organically, from itself.

Go ahead.

Mr. Alex Atamanenko: Okay. I have another question.

If the Wheat Board is performing as poorly as some people state it is, and they have concerns, why have the board of directors and the members tolerated this so far? They compare the sales figures. If it has been doing as badly as people say, why hasn't there been an outcry amongst the members of the Wheat Board and the directors?

Mr. Rolf Penner: Well, let me put the question back to you and say that if they're doing such a darn good job, why are they afraid of letting farmers themselves choose and vote with their trucks? If they're half as good and half as popular as their polls and indicators say, there is not going to be a concern for the Wheat Board to compete in the open market environment.

Mr. Alex Atamanenko: So you don't believe that farmers themselves should have a choice in the direction they go?

Mr. Rolf Penner: I believe they should have a choice, and I believe that choice starts and ends with their grain trucks. When they have to pay the bills—the fertilizer bills, the fuel bills, the land bills, the mortgages—and they have to fight off the insects and weeds, they have more than earned the right to market that product they have created in any way that they see fit.

Mr. Alex Atamanenko: Should there be a vote by those who are using the Wheat Board, in your opinion?

• (1315)

Mr. Rolf Penner: No. That goes back to my strawberry ice cream and chocolate ice cream analogy. It's an opinion poll that tells us who's on this side and who's on that side, but it doesn't really settle the matter. This is a feud that has been going on for probably 50

years, if not longer. We're not going to solve it with a vote. We need some decisiveness on this thing to finally get it over with.

The Chair: Thank you, Mr. Atamanenko.

I think everyone was allowed to extend over time today, because they knew they'd only get one round. So I thank you for your cooperation.

This is the start of a week-long—in fact, probably two-week long—series of meetings on this issue.

Gentlemen, thank you so much for your interventions today. Thank you for your input. I look forward to seeing you again.

This meeting stands adjourned.

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