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Chair

Mr. James Bezan

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•(0840)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I want to welcome to the table today, from the B.C. Landscape & Nursery Association, Tim Loewen, chair, and Hedy Dyck; from the B.C. Cattlemen's Association, we have Ernie Willis; from the B.C. Agriculture Council, Steve Thomson; and from the British Columbia Grape Growers Association, Hans Buchler. I welcome you all to the table, to bring your ideas.

We have an hour and a half this morning. We're going to hold you all to a ten-minute opening comment, and then we'll start our rounds of questioning.

With that, I'll turn it over to Mr. Loewen.

Mr. Tim Loewen (Growers Chair, B.C. Landscape & Nursery Association): Good morning. My name is Tim Loewen, and I'm from the B.C. Landscape & Nursery Association. Today I'd like to talk to you about business risk management issues within our industry.

Honourable Chair and members of the Standing Committee on Agriculture and Agri-Food, the B.C. Landscape & Nursery Association represents over 700 garden centres, retailers, landscapers, and nursery growers in British Columbia. Ornamental horticulture plays a significant role in the B.C. economy. The B.C. production sector of the nursery industry generates an estimated \$175 million at the farm gate annually in the B.C. economy. The landscape and retail sector provides about \$500 million worth of plants, garden products, and services to B.C. consumers annually. The nursery production, landscape, and retail garden centre industries employ over 17,000 workers in B.C. The total value-added B.C. industry is estimated at \$1 billion annually, including landscaping, installation, and sales of lawn and garden products.

For business risk management, there are three major issues that impact the ability of B.C. nurseries to plant and maintain growth and prosperity. The first is natural hazard risk. Weather and weather-related damage are two of the biggest risks. For example, on March 11, the Fraser Valley encountered record rainfalls that flooded several nurseries. Today, the snowpack in B.C. is at an all-time high. With a sudden surge of warm weather, all that snow is going to melt and wreak havoc throughout B.C. There is no insurance for flooding. What are agricultural producers going to do to survive?

Secondly, we have quarantine and regulated passes. The new buzzword is "invasive alien species". Whether it's plant pests, diseases, or weedy plants, there's a whole new level of concern across the industry when a new pest is discovered. But these pests do

get in even after thousands of dollars have been spent by nurseries to implement nursery certification programs, including biosecurity, that minimize the risk of importing and CFIA-regulated plant and disease pests.

This is when the industry needs help: when the disaster occurs. Growers need to know in advance that help is there, so that they can continue to plan their business. Very recently, the industry has received word that compensation may possibly be available for the massive losses incurred to the industry due to the quarantine-pest sudden oak death. These losses go back to 2003. One nursery has already closed and another is on the brink of bankruptcy. If this compensation comes through, it will save the industry in B.C. from this one pest, but what about the next pest? Will we need to wait another four years to get help?

We need a solid disaster relief program for when the next regulated pest comes along. The industry is doing its utmost across Canada, through their participation in domestic phytosanitary certification programs, to stop incoming invasive alien species. When the situation does occur, though, nursery growers need guaranteed disaster relief, short- and long-term, to ensure that we can continue to function.

Another issue we cannot deal with ourselves is the registration of safer, more effective pest control products. We take environmental stewardship seriously, but our efforts are hampered by the Pest Management Regulatory Agency's reluctance to use U.S. data to prove product efficacy and safety. We want safer and better. Why do we have to wait so long to do better?

There's also a labour shortage. To put the labour shortage in B.C. into context, by 2012, over one million jobs will need to be filled in B.C., including 500,000 new jobs and 500,000 through attrition. During the same period, if all the B.C. high school, college, and university graduates immediately went to work, they would only fill 650,000 of these vacancies. This leaves a shortage of 350,000 workers for B.C.

The industry has been trying to access workers through a Canada-first solution, with little success. The booming construction industry, as well as the oil industry in Alberta, pays very well for start-up labour, taking as many of the workers as possible.

The B.C. nursery industry requires seasonal and long-term unskilled and semi-skilled workers. It is presently accessing them through seasonal agriculture and other import worker federal programs. We urge the committee to support the continuance of these programs to help to deal with the severe shortage. For the long-term solution, we need the government's support of the Canadian Agricultural Human Resources Council to attract new workers to the industry, to ensure continuity, and to build a high standard of skilled people entering the industry as owners and managers.

The ornamental nursery industry develops its own solutions for many of the challenges it faces, but there are issues that we cannot solve alone. That's why we need a good agricultural policy framework: to enable producers to solve issues where they can, and to get the federal government's help where they need it.

• (0845)

Thank you for the opportunity for the B.C. nursery growers to provide comments for the APF discussion.

The Chair: Thank you, Mr. Loewen.

Mr. Willis will speak on behalf of the B.C. Cattlemen's Association.

Mr. Ernie Willis (British Columbia Cattlemen's Association): Welcome to Penticton. Instead of going to Ottawa to meet you all, it's nice to see you here in B.C.

Thank you, Mr. Chairman, for holding this hearing on business risk management, and inviting us to advise the committee on policy views of the B.C. Cattlemen's Association, an organization that represents over 1,200 cattle producers.

I'm an elected director of the B.C. Cattlemen's Association as well as the Canadian Cattlemen's Association, and I serve as chair of a domestic agriculture policy regulation committee. My family and I ranch in the Princeton and Williams Lake area. We operate a cow-calf, backgrounding, and yearling operation.

Canadian agriculture is exposed to many risks, and the cattle industry is no exception. While many of these risks are difficult to mitigate, some could be managed with reasonable effectiveness. Risk management options include diversification, private insurance, stockpiling feed, and a robust vaccination program.

The B.C. Cattlemen's Association sees these and other private sector means as the preferred tools for business risk management in Canadian agriculture. B.C. is unique from other provinces, as we have a very small feedlot sector and no large abattoirs, and most of our yearlings and calves are shipped to either Alberta or Washington state.

Some of the options available to other parts of the country, such as commodity hedging and forward contracting, are not practical in areas of B.C. where there are limited amounts of grain and corn grown for the finishing sector.

We acknowledge that government programs play a role in agriculture risk management, and we believe that in exceptional circumstances this role is legitimate. There are a large number of producers who believe that the current CAIS program is ineffective and unresponsive in times of disaster, and are currently in opposition to our stated principles. These are: normal income fluctuation risk should be the responsibility of the producers; programs must be as market-neutral as possible and structured to minimize influence on business decisions; programs should not alter the competitive balance within industry between regions, sectors, and operation structures, including operation size; programs must allow industry to be driven by clear market signals; programs must be structured to minimize risk of foreign trade action; and programs must be transparent and predictable.

The B.C. Cattlemen's Association's first priority regarding government's involvement in business risk management is that Canada develop a national disaster program framework with federal-provincial agreement in place for funding of the program.

When Canada experienced its first case of BSE, the industry struggled in the following weeks and months to avoid a complete shutdown, and worked with government in attempting to address the issues. If a predictable disaster framework had been in place, solutions to the issues would have been more timely and the industry would have functioned with more certainty.

A national disaster program would address both natural disasters, such as floods and massive droughts, and "like natural" disasters, such as border closures. This framework would pre-emptively define a disaster setting and set out funding parameters, governance, and, to the extent possible, program details specific to the disaster.

Producer groups and organizations could work with government to proactively develop plans that could fit into this framework. The predictability created by this type of framework would reduce industry's uncertainty and encourage investment in Canadian agriculture. Without a disaster program framework in place, some disasters receive ad hoc support while others do not. Just last spring, in areas of Saskatchewan and Manitoba, farmland was flooded out. It was not seeded, and a disaster that nobody could plan for occurred. The government stepped in with a program to partially offset the producers' losses incurred as a result of the disaster.

This type of program is something that cattle producers in the Peace River region and the Bulkley Valley of B.C., as well as other parts of the country, look at now when they consider the drought they have experienced for up to three years. They wonder why one disaster qualifies for aid while the other one does not. Without a framework in place, governments do not treat events consistently, and tensions and competitive imbalances occur.

The CAIS program is the government's cornerstone income disaster and stabilization program. While it has undergone some recent improvements, it fails to comply with a number of the principles I outlined earlier, particularly as the program applies to income stabilization. The CAIS program can be intrusive on business decisions, including organizational structure, breeding herd buy-and-sell decisions, and crop rotations.

CAIS is complicated, unpredictable, and non-transparent. While efforts are being made to improve the program in this regard, margin-based, targeted programs that adjust to structural change will tend to be complex, poorly understood, and difficult to access on a timely basis.

• (0850)

The support in the stabilization tiers of CAIS is amber, which is always a concern for trade action.

It is our opinion that sound industry planning and innovation, along with other private sector tools, will provide a viable cattle industry. Government programs will continue to play an important role in the stabilization of the cattle industry, especially through a national disaster program. The recent announcement made by the Prime Minister and the federal agriculture minister on contributory-style producer savings accounts appears to be a step in the right direction.

Thank you for the opportunity.

The Chair: Thank you, Mr. Willis.

Mr. Thomson is next, please, for ten minutes.

Mr. Steve Thomson (Executive Director, B.C. Agriculture Council): Thank you. Bonjour.

Welcome to Penticton and the Okanagan Valley. It is a pleasure to see you out here. As Ernie said, we're really pleased that you've taken the opportunity to come around the country and hear the views of producers.

I'm the executive director of the B.C. Agriculture Council, which is the province's general farm organization. We represent over 12,000 farmers and ranchers in B.C. through their membership in the council. This includes probably the great majority of farm organizations in B.C., and the great majority of the farm cash receipts' value in the province is represented through our council.

We have a formal submission, which I've prepared, and also a submission that we've made to Agriculture and Agri-Food Canada on the agricultural policy framework. We weren't able to get it translated in time for the presentation today and we apologize for that. But I talked to the clerk earlier, and we will provide a copy of it and a translated version to you that he can circulate to all the

committee members. We apologize for not being able to get it done in time for today; time constraints didn't allow it.

I want to give a quick overview of the agricultural and agri-food industry in B.C., just so that you understand it. We're a part of a cluster that produces and generates products that have a value of over \$35 billion in revenues. We employ more than 290,000 people. We account for 2.3% of the provincial GDP and 14% of the provincial workforce.

At the primary level, which we represent, we have annual sales, or farm cash receipts, of over \$2.5 billion in B.C., and that continues to grow. We are a growth industry and we employ directly, at the primary production level, more than 35,000 people.

While the industry in B.C. generally remains optimistic and positive, we have faced a significant number of challenges in the past year, some of which you've heard about, which have affected producer incomes and stability in the industry. This includes the serious drought situation in the Peace River area and the central interior, low market returns in some sectors—tree fruits, raspberries—as a result of pressures and the impact of imported products and low prices coming into the B.C. market, very significant issues around invasive plant species, and quarantine and disease and pest issues, as was mentioned earlier. The ongoing impact of BSE for market recovery in the cattle sector continues to provide significant challenges for the B.C. industry.

But we do have a real potential for growth. We have 13% of the Canadian population, yet we at this point count for only 7% of national farm cash receipts and about 8% of food and beverage manufacturing shipments. We see real opportunities for growth within B.C., but it's important to note that while we remain optimistic and look at the opportunities for growth, this is all against the backdrop of some disturbing trends, which I'm sure you've heard about and are aware of, around realized net farm income continuing to decline and farm profitability being on a continuing downward trend. I'm sure you've seen the numbers and the figures across Canada that impact this. That's why the agricultural policy framework discussions that are currently going on are so important to the future of the industry, in both B.C. and in Canada.

We have some major constraints to our growth in B.C. There are the increasing pressures of government and societal goals of environmental and food safety requirements, which at this point add cost to producers, but we haven't seen those initiatives add returns to producers. It's been a situation of adding cost at the farm level but not yet seeing the incremental returns in the marketplace for the benefits of this environmental programming and food safety programming at the farm level.

There are the increasing pressures and costs related to farming in the rural-urban interface, B.C. farms in the urban shadow. It's important to note that the majority of our farming and 81% of our farm cash receipts are produced in 2.7% of our provincial land area, and that same 2.7% is where 81% of the B.C. population resides. I'm talking about the Fraser Valley, the Okanagan, and Vancouver Island. So we farm in the urban shadow, and to do that provides tremendous challenges and costs to B.C. producers.

And there is continued uncertainty about the outcome of international trade negotiations on marketing systems and market development, and the ability to provide domestic support is a constraint and a challenge to growth.

● (0855)

As I said, we've developed a submission to Agriculture Canada that outlines the views and ideas and concerns of our member organizations regarding the policy direction in the next agricultural policy framework. It's attached as an appendix to our submission and details all the areas of the APF. I just wanted to make some general comments about the APF.

We support the need for increased emphasis on strategic investment in the sector, to move away from the continued reliance on risk-management programming. We believe that elements of the Canadian farm bill proposed by the Canadian Federation of Agriculture around the three pillars they're talking about provide a good framework for that. We strongly support the emphasis on increased strategic investment in the sector, as I said, to move away from the continued reliance on a risk-management program. We think there needs to be greater integration of the pillars of the framework. We know that the framework needs to be developed in full consultation and in a full partnership with industry. We think B. C., particularly given the unique nature and the diversity of our industry, can play an important role in the development of the framework.

With respect to risk-management programming, you've heard some of the comments already. We support the need for the continued reform of the CAIS program. We do need a program that's predictable and bankable and flexible enough to accommodate regional differences and needs. We support the current direction of the NISA-like components in the top tier of the CAIS program in order to meet some of those objectives. We feel that's, as Ernie said, a good step in the right direction.

We support the recently approved framework for a disaster relief program, and we urge the federal government to move forward in full consultation with industry towards implementation of the program. We support the current direction of enhancements to production insurance for edible horticulture and the inclusion of the livestock sector in production insurance, in full consultation with those sectors.

With respect to environmental policy and programs, as you may know, we continue to proactively support and lead the delivery of the environmental farm program and the national farm stewardship program in B.C. We hope that the emphasis will remain on this program in the next policy framework, and we urge direction to ensure that there is a smooth transition between the current agreement and the next policy framework so that we don't lose the

momentum and the good work that's been done in that program to date.

We support the continued development of policy for recognition of ecological goods and services, which must have the flexibility to address the unique regional differences in environment, habitat values, land values, and approaches to environmental management in B.C. The types of programs, for example, that have been talked about in the prairies—the ALUS-type model and other things you've heard about—don't work here. So we need regional flexibility to make sure that the type of programming fits our unique industry and the unique nature of the environmental issues in B.C.

I wanted to make two quick comments on a couple of other areas while I have the chance. One area is transportation policy. In recent years we've seen an erosion in the reliability of rail shipments that feed ingredients to the B.C. livestock industry. The current labour issues with CN, which are affecting delivery, are something that really needs to be addressed. We think the federal government needs to work with the livestock and feed industry and the railway industry to deal with issues of reliability of service and to ensure priority for the feed industry, which is facing very significantly increased costs currently, as a result of those labour disruptions. We need to get to the point where we're not facing that uncertainty and risk in the future.

With regard to the renewal of the Fisheries Act, we were part of a coalition that recommended changes for amendments to the legislation. We hope that the review process will continue for this legislation and that there will be a recommitment to consideration of the amended legislation, because it really needs a good look at, and it has a significant impact on our industry. We supported the fact that a new bill was tabled, but we are disappointed that it's currently being "hoisted", or whatever the term is. We hope there's a recommitment to getting back to looking at that piece of legislation.

Again, thank you very much.

● (0900)

The Chair: Thank you.

Mr. Buchler, please.

Mr. Hans Buchler (Director, British Columbia Grapegrowers Association): Thank you, Mr. Chairman, and thank you for the invitation.

I have to apologize ahead of time, since I'm a bit unprepared. I received notice of this meeting only yesterday, so I'm a last minute stand-in.

I am a director of the B.C. Grapegrowers Association, and I'm chairing the B.C. Wine Grape Council, which funds and develops research projects for the viticulture and oenology sectors. Today I will make some comments on the environment and land use.

Generally speaking, the grape and wine industry in British Columbia is thriving. While we have some issues in common, especially in terms of the labour shortage, we are doing fairly well. So I'll make some comments of a more general nature, in terms of the environment and agriculture policy, and the way we see that this should be developed for the longer term. If I go over the ten minutes, please shut me up.

In terms of the agriculture policy framework and the development of different pillars of interest, I see a bit of an issue, in terms of overlaps among the different categories. It's important to find a message to keep track of this, in order to ensure that these pillars do not operate in isolation.

In terms of the environment, the major challenge will be caused by climate change. We have some fairly accurate climate models, specifically for the Okanagan. We have run three different models with predictions for 2020, 2050, and 2080. Even the most moderate one sees a fairly considerable increase in average temperatures by 2080. So there are definitely going to be some challenges.

One of the major challenges in this area will be water. We live in a semi-arid area, which is a problem we share with many other areas in Canada. We foresee that water will become more and more of an issue, as climate change evolves.

We foresee that spring runoff will happen much earlier. There might be more moisture over wintertime and more accumulation of moisture, but the water will be out of the watershed almost a month earlier than in the past. So we have to find ways of storing more water for agriculture.

Increasing temperatures will also mean higher demand for water. As evapotranspiration of crops increases, we will need to have a fair bit more water available. This is going to be very difficult in areas such as the Okanagan Valley. There are opportunities for increasing upland storage, but they are pretty limited. So it will take a fairly large amount of capital input to improve the water storage capacity in arid areas.

There is very little groundwater that can be drawn from. There is a huge lake here that looks like an enormous water reservoir, but if you draw it down by one foot, it will probably take ten years to replenish that amount of water. You can't look at this as a water reservoir. So we need some other options.

Climate change will also bring changes in disease and pest complexes. We are already starting to see this in the south end of the valley. We brought pests into the grape industry that were unknown ten years ago, and this is probably going to continue. We see an increasing migration of pests from the south, not to mention the importation from other areas through propagating material. Unfortunately, we have not been able to keep these out, despite all the recent quarantine regulations.

Phytoplasma disease has been brought in on French plant material, *bois noir*, which is a serious concern in the European grape industry. We hope it will not spread; we hope we've caught it in time. But this is an indication of things to come.

Another aspect of climate change, which I personally see becoming a serious issue, is the increasing demand for biofuel.

Biofuel production will end up competing on a very large scale with food production in Canada. For the agriculture industry, this is probably good news. I predict that food prices will increase fairly dramatically over the next 20 to 30 years because of that competition. But from a policy point of view, this poses a serious challenge, because food production should come first. It is of primary importance to ensure that food is available for the population at large in the long term. I foresee this becoming a bit of an issue, in terms of planning and competition.

● (0905)

Also, climate change will have an impact on the production capacity in the areas we now depend on for food imports. In British Columbia, I believe the estimate from government is that we produce only 48% of the food that we consume here. A lot of the imports come from California and Mexico at this time. If these areas suffer from a serious setback from climate change, British Columbia will be in really serious trouble. I think the same goes for probably most areas in Canada. This is one area that will need very serious attention from the federal government, from the provincial government, and from local area planning in terms of our food supply.

The federal government probably has, apart from long-term planning, also a responsibility in terms of renegotiating trade agreements, because in the long term, I believe there is a need to protect agriculture, to put tools in place that allow for the support of agriculture production for the supply of domestic food products to the population. I realize this is going to be a huge challenge, and will not be popular to bring to the World Trade Organization. On the other hand, I believe that all other countries will eventually be in the same position as we are, and will have to find ways of ensuring that there is a minimum production of food secured within their own regions and borders.

In terms of land use, land is of course obviously very intimately linked to production capacity. We see more and more competition, especially in terms of real estate development, competition in the use of land. The unfortunate side effect this has brought with it is a substantial increase in land prices, to a point where it becomes almost impossible for young people to get into farming. The succession in the farming sector is going to become a really serious issue, primarily because of the financial issues but also because of less and less available land, especially in British Columbia. I really can't speak for other provinces here, but in British Columbia the estimated amount of land that is arable and could potentially be used for agriculture is in the neighbourhood of 5%, and by now there is about 3% of the land mass used in agriculture in B.C. This is going to become a very serious issue.

Also, going back to biofuel production, there will be more and more demand on land for biofuel production, especially if there are very substantial financial incentives in this sector. I believe this will happen. We see this in the U.S. already, and it is happening around the world. It's a good news and bad news story at the same time. Biofuels can contribute to climate change and the mitigation of climate change through carbon sequestration, although probably not in the form that is being done right now in the U.S. The U.S. is banking primarily on the production of corn, which probably is not the way to go. But there are other crops that are very promising for the future that need just a little bit more research in terms of the breakdown of the cellulose matter, materials like switchgrass, which will probably have a much more beneficial effect in terms of climate change and greenhouse gas mitigation.

The other issue in terms of land use that we cited is there is a large amount of land sitting idle, which has been bought up by developers. We need some policies that will allow this land to be farmed by bona fide farmers. We have some precedents in other jurisdictions where there is a squatter's right, and if any agricultural farmland in an agricultural area sits idle a farmer has the right to occupy it and farm it, without any side effects from the jurisdiction.

• (0910)

Thanks very much for the opportunity. I think I might have overstepped my time.

The Chair: Thank you very much.

We'll open our first round of questions—seven minutes each, kicking off with Mr. Easter.

• (0915)

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

Welcome, folks, and thank you for making the presentations.

First, on your point, Steve, on the new Fisheries Act, although it's not related to this hearing, I do know, having chaired the fisheries committee before, that habitat is a huge issue in B.C. and trying to deal with DFO in that regard. Our position at the moment on the bill—why we put the hoist motion in place—is do we want the bill to go to committee before second reading? The bill clearly was developed by the bureaucracy in Ottawa, which doesn't understand what things are like on the ground. It's a lot easier to change a bill if the consultations are held first, rather than after, so that's why the position is there. So certainly if you want to write the minister and tell him to come to his senses and do some consultations and let it go to committee before second reading, we'd welcome that.

The pressure from imported product, which you also mentioned, is a huge issue that's not directly related to the agricultural policy framework discussion, but it is one we hear about consistently. I was talking to some people the other day in the apple industry, and maybe you can fill me in on what the situation here is. The apple industry in some areas is basically going under because concentrated product is coming in from China. They're adding 80% Canadian water and calling the product a "Product of Canada". We're going to have to deal with this issue. It's the same with honey from China.

There were a couple of others that I think Tim mentioned as well, such as the difficulty of products coming in here with which our

competitors can use a herbicide or pesticide or fungicide that we can't use. We restrict it for safety reasons, yet product grown with the use of that herbicide or pesticide in other countries comes in here just the same. It's an issue we've grappled with for a while. I'd like to know what you propose as a solution on that end, because obviously we haven't found it yet. The Pest Management Regulatory Agency I think has improved in part because this committee demands that they come before us every six months for a progress report. If you have anything in that area, I'd certainly welcome hearing it.

The last question, before I go to answers, is on your point as well, Tim. In fact I dealt with one of the greenhouses out here that is in the process of going under over a pest. The difficulty is with CFIA in that regard to a certain extent. I understand why they have to do what they do, but in the dairy industry or in the cattle industry, if we have a cow with tuberculosis, it's immediately pulled out of the herd, and compensation is right there, right now. Why can't we do the same thing with pests in the horticulture industry?

That's my series of questions to start.

The Chair: Who wants to start?

Mr. Steve Thomson: I'll respond first, if you want, and I'll leave the pest issue to Tim.

You raised some very good points. Those are the major challenges we have faced.

I'm not sure what the solution is to the issue around labelling and things, but we certainly think that being able to import product, do something minimal to it, and then label it as a product of Canada needs to be addressed. We hear from a lot of our members and from consumers that the situation needs to be fixed. If we're going to have a food security policy and support local and domestic food production, consumers need to be confident that they are actually supporting Canadian or B.C. production. So I think the regulations around labelling need to be addressed.

In terms of the imported product, I think we have seen some improvements in the PMRA process. Still, I think we need to have more effective regulations to deal with the issue around importing product with pesticides and herbicides that aren't licensed for use in Canada. Or conversely, we need to have access to those same products. If they are safe to come in and we're going to have to compete with it, then we should be able to give our producers the competitive advantage in being able to use those products.

On the trade issue, in terms of dumped product and those kinds of impacts, I think we need to look at more effective trade remedy measures that allow us to respond faster when we get into those situations. The current process, through special import measures, CITT, and anti-dumping kinds of things, is onerous and costly for producers. So we need more effective trade remedy measures where there are clear situations of low-cost dumping of products into our marketplace.

• (0920)

The Chair: Do you want to address it, Tim?

Mr. Tim Loewen: There were two questions: one was regarding PMRA, and the other was regarding compensation for quarantined pests.

I'd like to defer the PMRA question to Hedy. She's our technical person, and she could answer that much better than I could.

Ms. Hedy Dyck (Contract Industry Coordinator, Nursery Industry Development, B.C. Landscape & Nursery Association): With regard to PMRA, in Canada we have less effective, more toxic pesticides than the U.S. In some cases we will not be able to ship to the U.S. because PMRA has not kept up with what's going on. We're actually stuck with pesticides that are now outdated, and we cannot in fact get the pesticides that should actually be used. It's actually creating a trade issue for us with the U.S. We ship 60% to 65% of our stock to the U.S. It's becoming a big issue.

The Chair: Please make a very short response, because we're almost out of time.

Mr. Tim Loewen: We'll talk directly to the second part of your question, on sudden oak death.

We need the compensation quickly. As you mentioned, from the minute we find out there's going to be a quarantine, our costs start to incur far beyond the cost of the plant that's destroyed. There are customers, employees, cleanup, and it goes on and on. For us, a timely response would be good.

Hon. Wayne Easter: That would be on the product, though.

The Chair: Your time's up, Mr. Easter.

[Translation]

Mr. Gaudet.

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chair.

I am very glad to be here this morning. I made a call to Quebec earlier, and I was told that there was six inches of snow, that the roads were blocked and that many people didn't go to work. So, I am all the more glad to be here. Your region is very beautiful.

In your opinion, what would be the wisest way for the federal government to invest in the agricultural and agrifood policy? Investment in agriculture in Canada currently focuses on programs. Rather than investing in general agricultural programs, wouldn't it be better for the federal government to provide targeted financial support?

I would like all the witnesses to give me their opinions on this issue, starting with Mr. Loewen.

[English]

The Chair: Go ahead.

Mr. Tim Loewen: I missed the first part of the question. Could you repeat the first part?

[Translation]

Mr. Roger Gaudet: In your opinion, what would be the most judicious way for the federal government to invest in the new agriculture and agrifood policy? Investment in the area of agriculture in Canada currently focuses on programs. Rather than investing in general agricultural programs, wouldn't it be better for the federal government to provide targeted financial support for certain initiatives? When the government invests in programs of a general nature, not everybody ends up getting their money.

[English]

Mr. Tim Loewen: That's almost a tricky question.

• (0925)

[Translation]

Mr. Roger Gaudet: I'm asking you this question to help you. You're the farmers, and we're here to ask you questions so that the government can help you as much as possible. In the United States and the European Union, farmers get far more subsidies than they do in Canada. That's why I want to know your opinion on this issue.

[English]

Mr. Tim Loewen: I guess the worry is that we'll be left out if we go to commodities-specific types of compensation or assistance rather than a program-based system. If there's a way to ensure that nobody is left out and it stayed fair, then that would be pretty good, I guess.

The Chair: Do you want to respond, Ernie?

Mr. Ernie Willis: The Cattlemen's Association would prefer a national disaster program first. I think if we had a disaster program, it would take that bottom risk out of it and we would feel a lot more comfortable. If there were a NISA program or something similar where the producers could contribute and spend the money where needed, that would look after the individual and then a disaster program would look after the general agriculture. That's where I see a national program—all commodities would have a national disaster program.

The Chair: Does anybody else want to respond to that question?

Mr. Thomson.

Mr. Steve Thomson: I think it's a good question.

Without downplaying the importance of a business risk management program and a good framework for that, which is needed, one of the key things we need to do in the next generation of the agricultural policy framework, as I said earlier, is to have more strategic investment in sectors or areas with more flexibility where there is opportunity to grow the sector and grow the industry. We need a focus on the total value chain in terms of how you produce and provide benefits all the way through the chain, from the processors down through to the primary producers that improve the bottom line and the net income of producers. These would be areas of research, innovation, infrastructure—those kinds of things.

How do you translate the environmental programming and food safety programming and everything to improve the bottom line for producers? We can't continue to always do it through risk management programming. We need to find the types of flexibility and strategic investment, whether it's tax treatment, investment in marketing, or investment in research that end up improving the bottom line of primary producers.

A focus on domestic marketing and branding, as well, is something that needs to be looked at. One of the frameworks of the first policy framework was the branding Canada program, which was a good program focused on branding Canada in the international market. I think what was missing in that part of it was branding Canada or branding food production in the domestic market to convince consumers that they need to pay more for Canadian product. We have a cheap food policy in B.C. and in Canada. We need to find a way that improves the returns to producers through that type of strategic investment.

The Chair: Hans.

Mr. Hans Buchler: Thank you.

I do see a lot of potential in the future for a program such as ecological goods and services payments. These are programs that have worked really well in other parts of the world, especially in Europe, and have supported the agriculture community to an enormous degree. This is a win-win approach. Society wins by rewarding specific ecological activities on farms, and the farmers win by getting financial support, which is not considered a subsidy. The only drawback to this is that it is very expensive. If you look at the European precedent, a lot of money is spent on these types of programs, but they are very effective.

● (0930)

The Chair: Mr. Gaudet, we have just a very short amount of time left.

[*Translation*]

Mr. Roger Gaudet: Do you think that development in the biofuels sector will, in the long term, help farmers or hurt them?

[*English*]

Mr. Hans Buchler: Being an organic farmer myself, I do think there is still potential for growth in the sector. The problem we are facing is that demand is much bigger than the supply, and there is reluctance from the production side to converge to the organic farming, partly because there is more and more red tape associated with organic farming, but there is certainly more potential in the long run. I would say that 10% or 15% of the market could be organic. But at the same time, I also see that there is development in what we

would call “conventional” agriculture that is moving more and more towards sustainable agricultural practices, and I believe this will have a big impact on the environment in the long term as well.

[*Translation*]

The Chair: Thank you very much.

[*English*]

One student in the class is more gifted than the others. I noticed this week that Ms. Allard gave him extra work to do, referring to these assignments as “challenges”. I think this is an excellent idea. The student is not held back at all and furthermore, he seems to be quite motivated by the idea of overcoming these challenges. He is very proud when he comes up with the right answer. This strategy is worth remembering. Mr. Miller, for seven minutes.

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

Thank you to our guests. It's nice to be in British Columbia. Welcome here.

I have three or four questions, and I'll lay them out.

Mr. Loewen, you mentioned disasters and what have you. Our government has made a conscious effort to try to get a separate disaster program in place. One thing I want to ask you about is where you talked about flooding in some area, I presume the area where you farm. I guess when I think of a disaster—and I'm a farmer too—I normally think of it as something that happens abnormally every 10 or 20 years or longer. For example, the avian flu was definitely a disaster, as was the BSE crisis in the beef industry and things like that, and the Manitoba flood back five years ago, or whatever it was. Those were very significant and definite disasters. Do we need to get a distinct definition of really what a disaster is? For something such as flooding that may happen in your area every three to five years, or whatever, is that really a disaster?

I guess where I'm leading on this question is do you think crop insurance needs to be mandatory? I will say, as a farmer, I never had much use for crop insurance, but some do and they rely on it, so that's something.

To Hedy, what is the single most important change that PMRA could make to improve the approval process?

To Mr. Willis, you talked about the CAIS program and heading in the right direction with this top-up. One thing I found in consultation with a lot of farmers, but particularly in the beef industry, is that it seems that the medium to larger and maybe more efficient farmers seem to be quite happy with CAIS overall, with some minor adjustments. I hear that from them. Not all of them are, but a large percentage are. So do you think the primary focus should be more on trying to save the family farm, or on making agriculture in general globally competitive, that kind of thing?

Mr. Buchler, you were talking about agricultural land disappearing. We have the same thing in our part of the world. With our proximity to Georgian Bay and Toronto, we have people who can sell a \$500,000 or \$750,000 home down there and come up and buy 100 acres of God's country, and farmers can't compete. We have that problem, but it has to be dealt with through municipal and provincial planning. Were you thinking or suggesting that government should be compensating in some way or another? I'm just wondering where you'd go with that.

If we could, let's start with those questions.

Mr. Tim Loewen: I guess disaster and compensation and how to quantify that is the question. It should be quantified by dollars. That's probably the only fair way. That's the only way to realize that with a flood in the Fraser Valley—the last major one was in 1948—if it happens again this year, it will cover a small area of land and there will be unbelievably high dollars involved in agriculture and otherwise, as opposed to a flood in Manitoba, where the farms are widespread and of less value per acre. So I think it has to be quantified by dollars, and that has to be determined.

I know the nursery industry has done a lot to establish benchmarks for the CAIS program, on what the value is per acre, the value per plant, per square metre, and average roadways. We've tried to do a lot of work to establish what a nursery should look like on paper so that they have benchmarks to work from. I guess we just have to persist with that kind of work and get it all transparent.

● (0935)

Mr. Larry Miller: You said 1948 was the last big flood. Is that what you said?

Mr. Tim Loewen: Yes.

Mr. Larry Miller: Thank you.

Ms. Hedy Dyck: With regard to the PMRA, I think enabling them to use USDA data.... A lot of the research is actually done up here and then it goes back to the U.S., and Canada won't use it. I know there's a sovereignty issue, but at the same time we are a part of NAFO and NAFTA, and from what we understand, it's supposed to be one big continent. So there should be no reason why we can't share information like that.

Right now, we're doing ad hoc emergency usage registrations just to get through some simple things. We have a brand-new infestation of a regulated pest called a European brown garden snail in a very small area in a Richmond nursery. They have to do an emergency use of a product called Sevin, which is so innocuous that you can use it on cats for fleas. But to do these kinds of strange things when.... There are much easier ways to do this.

Mr. Larry Miller: Thank you.

The Chair: Mr. Willis.

Mr. Ernie Willis: Thanks for the question, Larry.

I think the CAIS program hasn't been bankable and it's too late in responding. You get your cheques almost two years later. It's just not responsive, and it's not bankable. You can't go to your bank and sit down and do a cashflow and say how much money you have coming, that you have a shortfall and the CAIS program will be.... If you had something like the NISA program, you'd have your exact statement there. If you want to withdraw so much money to help with your cashflow that year, the banker can understand that; there's a statement there.

If nothing else, if we could get the CAIS program to where it's easy to understand.... I think the only ones who understand it are the accountants, and even from talking to my accountant, I'm not sure that he understands it that well. I think the only ones who are making a lot of money out of this system are the accountants. I look at the changes in my accounting bills and they're substantial.

I don't think we have to pick a side. We have to be very careful. The family farms are in jeopardy, but we can't design programs for one sector over another. We have to be uniform in how we deliver our programs for the large producers as well as the family farms and the small producers. Canada is very diverse, and if you look at the size of operations based in this country, our programs have to be fair for all.

The Chair: Hans.

Mr. Hans Buchler: I assume your question is on whether the government should compensate for land values—is that it?

Mr. Larry Miller: I was trying to get the direction you were heading there.

Mr. Hans Buchler: In B.C. we do have an agricultural land resource that is there to protect the production base. In theory, it could work. In practice, there has been a lot of erosion, especially in some of the areas of high population density. If this were a really strict reserve with absolutely no opportunity for exclusion, it would probably work.

Ontario is trying this with the greenbelts, as well. I think it is improving in British Columbia. I think there is more of a will to actually keep the reserves.

The other option is for government to buy up all agricultural land that comes for sale. The question is, does government have the money to do this? The answer is probably not. But that would be one option, that government could actually set up a land trust and then lease it out to qualifying producers. There are precedents around the world for this as well.

● (0940)

Mr. Larry Miller: I think they call that “communism” in other countries.

Mr. Hans Buchler: No, I would have to object to that. It is a social program, yes, but it is in the interest of the population at large, because really the issue in the long term is securing a food supply for the population. I really cannot overemphasize this. This will become more and more of an important issue as we go along.

And if I may just very briefly comment on the PMRA, we have tried to pressure the PMRA to harmonize the program with the United States and basically allow products that are allowed in the U.S. into Canada as well, without doing a whole lot of work on it. We have not been successful on this.

Even in the organic sector, there is a huge list of products available to organic farmers in the U.S. that are not available to us. And these are products.... I mean, if they are allowed in the organic sector, you would assume there should not be a huge concern in terms of food safety and environmental safety. Yet we have to go through registration on each and every individual product. This really has to change.

The Chair: Thank you, Mr. Miller.

Mr. Atamanenko, seven minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much for being here.

Mr. Thomson, you mentioned something to the effect that we should have effective trade remedy measures. As you know, the B.C. fruit growers have recently come out with a statement saying that they would like to have rapid response tariffs instituted in response to dumping of Washington State apples. You're familiar with that? Then I would like to get your comments and see if you agree with it, see if in fact you think it can work.

If anybody else would like to add some comments, please feel free to do so.

Mr. Steve Thomson: Thanks, Alex.

Not knowing all the specifics of how that would work, it's difficult to comment on it directly. But in terms of the principle, the point I was making, I think, is that we need to find the mechanism for a faster, more timely response in those situations where there is clearly evidence of product being dumped.

The current process—application through special import measures, CITT hearings, and so on—can be hugely costly. The damage is done by the time you go through the process and get a ruling or a response.

Whatever the process is, I think we would support, and generally the other sectors would support—we have the same issues in potatoes, we have the same issues in raspberries—the finding of a mechanism that provides for a much more timely and effective response than the one that currently exists.

Mr. Alex Atamanenko: I always use the example that in British Columbia we used to have over 2,000 onion producers. We now have maybe half a dozen as a result of NAFTA. We used to have

seasonal tariffs that would protect our products—until we signed the agreement.

Should we be doing more? In addition to having this rapid response mechanism, should we be doing more to protect our local producers? And this ties in with food security, which we've touched on.

I'd like to get some comments on that, first of all from Steve, and then from anybody else.

Mr. Steve Thomson: No, I agree with you, we used to have seasonal tariffs and we used to have snap-back mechanisms in place. Those didn't always work effectively, either, as there were challenges in getting those implemented when needed.

Generally, going back to the points we were making, if we want to build a framework that has an element of food security and sovereignty in it, we need to find those kinds of mechanisms that protect industry under those circumstances until—and this is a big “until”—we get a process through trade agreements and things like that and we level the playing field so that we don't have to face the competition from heavily subsidized products in the U.S. and Europe and so on. That's been the goal for many years, but other governments, the U.S. and Europe particularly, find means to subsidize their producers based on domestic food security policy.

So until we can level that playing field, we need to have mechanisms that protect our industry under those circumstances.

● (0945)

Mr. Alex Atamanenko: Would anybody else like to comment?

Mr. Hans Buchler: Yes.

A seasonal tariff is certainly a tool that can work under certain circumstances. From my point of view, the ideal solution would be to convince the population at large to actually buy domestic products. If you can achieve that, you won't have a need for any other tool. If every consumer in Canada asked, before they bought, “Where is this product produced?”, that would solve the problem of the agriculture sector without any type of government interference.

Mr. Alex Atamanenko: Thank you.

Mr. Loewen, you mentioned we need to improve our worker programs, whether it's in the fruit industry, the horticulture industry, or the nursery industry. Right now it's difficult because you can't expect our producers to pay top wages. It's not realistic to expect to pay a “union” wage, because of the revenue. Obviously if there are not enough local people we have to import workers, and we have mechanisms and programs for that.

I've been thinking about this, and if we really want to encourage Canadians to work in our agriculture industry, should there be some kind of program of cooperation between private industry and government, whereby government might assist in paying the wages of young people specifically? If somebody wants to learn about the nursery industry, has finished university, but can't get by on \$8 an hour, should there be some kind of cooperation or program? Then this person could make a decent wage and gain experience, you could hire locally, we would move on, and everybody would benefit.

Mr. Tim Loewen: That would definitely help build our skilled labour eventually. There are a few programs like that, and support for more internship-type programs would be very good. It would be well received by our industry in particular. The flip side is there just aren't enough people. Even if we get all of them to commit to programs like that and enter the workforce, we are still going to be short 350,000 workers by 2012.

So that is a good idea and those are good programs. More support for internship programs is very important to us. It builds our semi-skilled and skilled workforce. Those are our foremen, owners, and leaders of our industry in the future. But we still need more people to do the work than what's available, so we're going to need access to other workers.

Mr. Alex Atamanenko: Thank you.

I'd like a quick comment from Ernie on biofuels and the cattle industry.

Mr. Ernie Willis: It will be a huge challenge. It's going to be a question of where the federal government subsidies go, how much they are willing to subsidize biofuels, and how we can use the feed that comes from the biofuels in our feedlots. Then the challenge will be to locate feedlots close to where these ethanol plants are. It could change the complex and the whole sector of agriculture, especially the feeding sector.

We have an ad hoc committee trying to get the ramifications of biofuels. There are no easy solutions.

Mr. Alex Atamanenko: Thank you.

The Chair: Thank you.

We'll begin five-minute rounds with Mr. Steckle.

Mr. Paul Steckle (Huron—Bruce, Lib.): Thank you very much.

The reason for this meeting is to look at what the new agriculture policy framework is going to look like. As one who has been around this table many times, let me preface my comments by asking you a few questions, but giving you some thoughts about where I see this going.

Can we truly have an agriculture policy if we don't have one that clearly states that food security is of national importance? If we don't make that statement and don't have that commitment, how can we have a food policy and a policy that basically supports farmers? Can we have 10 different governments, along with the federal government, ever agree to put a program in place that's going to support the kinds of concerns you have?

If you can find answers to that, we'd be interested in dealing with them. I firmly believe that the time has come for us to move to the national government only supporting agriculture, where we have one

ox to gore—not 11, 13, or 14—and that's something we need to consider.

Hedy, you mentioned that there are some products causing us a problem in exporting to the United States. I'd like you to name at least one, so that we have something on the record—something that is inhibiting our exporting perhaps fruit to the United States, or vegetables, or whatever it might be, something that is inhibiting because of the PMRA.

I want to finish my questions.

In Ontario and Quebec, the farmers and the various organizations got together and put together a formula for business risk management whereby farmers and government put money into a pot, and they chose a payout level they were comfortable with. Would that kind of disaster program be something you could endorse or support?

And should we have at the end of every fiscal year a timely audit that allows the farming community to understand, of the \$1.5 billion the government promised last year, how much of the money was paid out or whether we are reintroducing some of that \$1.5 billion in the \$1 billion that was announced in the recent budget? We don't know, because money is to be paid out for the 2003-04 year and 2004-05 year that hasn't been paid out yet.

That's money that was back there. How much money is being paid out at a current level? Money is recycled, re-announced, and everybody feels good about it, and we applaud governments for doing it, but really, what has been paid out? I'd like to know that, as a farmer myself, as a committee member, and as a member representing a constituency, as we all are around this table. What truly are the numbers?

Those are some of the things I have on my platter. It's maybe at a different level from what you expected, but I think it's something we need to talk about.

• (0950)

The Chair: I'd ask everybody to keep their responses short.

There are a couple of questions there. Who wants to go first?

Mr. Tim Loewen: I think, first of all, that one level of government would be great, if we only had to deal once with an issue, rather than four or five or twelve times. Also, more transparency with the payouts would be excellent as well. It would be nice to know if it was actually paid out after it was announced, and how it was used.

Ms. Hedy Dyck: With regard to the PMRA issue, there are instances of specific pesticides that we cannot get.

Mr. Paul Steckle: We're producing product that is chemicalized with a product that the Americans will not accept, and therefore we can't ship the apple, as an instance, to the United States.

Ms. Hedy Dyck: In our case, it's nursery stock.

Mr. Paul Steckle: Oh, it's nursery stock?

Ms. Hedy Dyck: Yes.

Mr. Paul Steckle: I don't care what it is, if we could have it on the record so that it would be something we could take back in our next meeting with PMRA.

Would you do that? Could you make sure it's presented before you leave?

Ms. Hedy Dyck: Yes.

A voice: Or send it in.

Mr. Paul Steckle: Yes, or send it in, or...

The Chair: You made the comment earlier in your presentation that there are some products that the PMRA has approved in Canada that aren't available in the U.S., which aren't as effective and are more toxic, you said.

Ms. Hedy Dyck: No, the issue with us is that there are pesticides that have been approved in the U.S. that we cannot get in Canada, even though they are safer and more effective.

Mr. Paul Steckle: But you also used the reciprocal.

Ms. Hedy Dyck: It was Hans Buchler who used the reciprocal.

Mr. Paul Steckle: I apologize. If someone did, please leave it on the table before you leave.

The Chair: Is there anybody else in response?

Ernie?

Mr. Ernie Willis: Speaking to the question of having agriculture as just a federal issue and not a provincial issue, Canada is such a diverse country, and Ottawa is a long way away. I'm sure you appreciate this after you've flown out here. It's hard to get a view across to Ottawa sometimes as to what the B.C. issues are, and it's probably no different at the other end of the country. It's easy to go to Victoria and easy to talk to your agriculture minister; you see him. The closer they are to home, the easier it is for you to talk to them and convince them of what the issues are.

Having an agriculture minister and not having a provincial minister of agriculture would make it very challenging to get our points of view across. As a cattlemen's association, we have a strong national organization and a strong voice, which would help, but there are other organizations out there that don't have a strong national voice and would be very challenged by having just a national minister of agriculture.

The Chair: Okay. Just a really quick response, Steve.

• (0955)

Mr. Steve Thomson: Very quickly, I certainly agree with your comments around a food security policy. I think that has to be the starting point on which the whole framework hangs.

In terms of federal-provincial, just as Ernie mentioned, I think that will be a challenge. The framework has to be a federal-provincial agreement along with industry, because if you're going to have a food security policy, it has to be endorsed by the federal government and the provinces.

In terms of risk management programming, I think what you're talking about is the self-directed risk management approach. We

would certainly support that direction. When I look at all the dollars that are spent in all the different programs and things, I sometimes think that we could be a lot more effective if we had a much more self-managed account for the producer—put the dollars in and let the producer decide how he wants to access those funds and use them. Sometimes your best risk management is some capital investment or infrastructure on your farm, and you should be able to use the account for those types of things. If it's a disaster—market return, income drop, all of those kinds of things—if you had a much more self-directed approach, I think it's something that should continue to be looked at.

The Chair: Okay, thank you, Mr. Steckle. Sorry, we're out of time on that round.

We're going to go to Mr. Harris. This is the last five-minute round for this morning session.

Mr. Richard Harris (Cariboo—Prince George, CPC): Thank you, Mr. Chairman.

Welcome, presenters. I enjoyed your presentations. I have only five minutes, so I'm going to try to put it between Mr. Loewen, Ms. Dyck, and Mr. Willis.

I was interested in something you had said earlier, Mr. Loewen, that in essence nursery plants that are being imported from the U.S. are using pest control products that CFIA won't allow Canadian nurseries to use.

Mr. Tim Loewen: PMRA, yes.

Mr. Richard Harris: What is it?

Mr. Tim Loewen: The Pest Management Regulatory Agency.

Mr. Richard Harris: They won't allow Canadian nurseries to use them, even though your organization has argued that with respect to a lot of these products most of them are safer and better than the ones we're permitted to use in Canada. I find it disturbing that we'd allow nursery products to come in that have been using these products as pest control products, but we're not allowed to use them here.

You also said, and this is interesting, that because you can't use them here in Canada, when you're shipping south of the border, there's a good chance you could run into problems from the U.S. government because you're not allowed to use the products they've deemed as safer and better than the products you're using.

Do you have a short response to that? I think it's a dilemma.

Mr. Tim Loewen: You're right—that's my short response. Yes, that is the dilemma. You're right. Beyond that, I don't know what to say.

We need quicker response from PMRA. A lot of chemical companies don't want to invest the dollars because Canada's too small a market. They'll do it for grain because that's pretty big, but they won't do it for ornamental horticulture or whatever.

As an example, in Oregon the nursery industry is the number one industry. It's above forestry and above tourism in Oregon. So Dow or Monsanto or any of those guys will invest the money to get those chemicals into the U.S. market because it's a big market. They won't put that money into the research for Canada, so it just won't happen. We won't get the chemical because the tests won't be done.

Mr. Richard Harris: Okay.

Ernie, it's good to see you again. You made some comments regarding the CAIS program and the pending disaster fund.

Coming from the Cariboo central interior, I'm hearing what you're saying. I've yet to run into a cattle producer up there, for example, who's really figured out how to use that CAIS program in any way to their benefit. They've said, and I repeat some of your words, "It is very convoluted; it's an accounting nightmare." For most of them, it's simply unacceptable.

When the Liberals brought it in, in 2003, they weren't able to fix it. We're on our way, I think—and I'm not on the agriculture committee as a regular member, so I'm counting on my colleagues—in replacing it with something that will work. Hopefully we'll change the name to get that bitter taste out of the cattle producers' mouths when they say it.

Also, I had it described the other day as "something the Liberals brought in to try to drive the family farms out of the business so that the big corporations could take over". That is maybe a strong statement, but nevertheless.... Now, that came from a cattle producer, not from one of my colleagues, I have to assure you.

Anyway, could you just give a brief response to that overall thought?

• (1000)

Hon. Wayne Easter: Did you send back the cheque?

Mr. Ernie Willis: Just to comment on the CAIS program, to be fair, the CAIS program for the cattle industry came in in 2003 and we had BSE. There were some problems and they were exacerbated. The border closed. We were in the middle of a disaster and we were trying to make a program fit something it wasn't designed to fit. That was basically what happened. To be fair with the past government, I don't know if any government, if we didn't have a national disaster program in place, would have had a program that would have fit what happened that time.

In 2003, when BSE hit and the borders closed—and we're totally dependent upon exports—we had a disaster. We had to rely on ad hoc programs. It's a challenge when you design ad hoc programs. You always miss things that should have been looked at, and there is always the ramification of that ripple effect, of what else does it cover. We had some challenges.

That's why I go back to that national disaster program. If we had one, and had the criteria and had the rules laid out, if some circumstances such as border closure or weather-related fit the criteria, then you'd know it would step in. That would save us all a challenge in the future. Instead of trying to develop ad hoc programs to react, we should already have been proactive and have looked at it and have the answers. That's where the CAIS program was never designed for cases such as what happened in 2003.

Mr. Richard Harris: There seems to be the call from the industry for a stand-alone disaster fund to look after emergencies.

The Chair: You're out of time, Mr. Harris.

Mr. Richard Harris: I was just getting started.

The Chair: You were just getting warmed up.

Anyway, I want to thank all of you for coming in today to make your presentations. It was definitely worth while. If there were any questions that you felt you didn't get a chance to answer, you're more than welcome to submit those in writing to the clerk and they will be circulated out to the committee members.

Again, thanks for your time.

We will suspend briefly to allow the witnesses to clear away from the table. Grab a cup of coffee and we will return in about two minutes.

• (1000)

_____ (Pause) _____

• (1010)

The Chair: We'll call this meeting back to order.

I welcome to the table Ross Ravelli, of the B.C. Grain Producers Association; Linda Allison, from the Southern Interior Stockmen's Association; and Joe Sardinha and Glen Lucas, from the B.C. Fruit Growers Association.

I'd like to welcome you all to the table to make your presentations. We are asking that you keep your presentations to ten minutes. We are talking about everything in the agricultural policy framework, including business risk management, environment, food safety, and the whole gamut.

With that, I'll turn it over to you, Ross.

Mr. Ross Ravelli (Director, B.C. Grain Producers Association): Thank you, Mr. Chairman.

Good morning, members of the House of Commons standing committee. Welcome to British Columbia. Thank you for the opportunity to speak to you on the next generation of agricultural policy framework and, more specifically, the business risk management pillar, and to provide a couple of comments on the science and innovation pillar.

As the chair mentioned, my name is Ross Ravelli. I'm a grain farmer from Dawson Creek, British Columbia. I farm about 2,000 acres. I'm here speaking today on behalf of the B.C. Grain Producers Association.

The B.C. Grain Producers Association is a grains and oilseeds commodity organization representing approximately 400 grain farmers in the B.C. Peace River area. For 21 years, the B.C. Grain Producers have represented our farmers on both provincial and national issues. Clearly, we are a small organization by numbers, but not by the determination, the dedication, and the commitment of our members in agricultural policy discussions. Indeed, many of you knew one of the past presidents of the B.C. Grain Producers, and the one with whom I first became involved on the political side of farm policy. I was vice-president for Mr. Jay Hill, who has come quite a long way. However, I don't want to follow in his footsteps. I'll just put that right on the table.

I think everyone here would agree that farming is a business and needs to be treated like a business. This does not mean big farm versus small farm, or the family farm versus the corporate farm. No matter what the size of the operation we're involved in, we need to use best management practices to be as efficient and productive as we can be. Anything less would be unsustainable.

As farmers, we need to know our risks, and each farm's risks are very different. Generally, in grains and oilseeds, there are two dominant risks that we have very little control over. There is production and there is the price risk, both of which I'll touch on.

We also need to be able to identify the programs—or tools, as they're referred to now—available to us to best manage our risks, whether they're delivered through the private industry, such as crop insurance or price tools, or by government, whether it's production insurance or CAIS, for example.

To this point, I must say—and I heard the other presenters talk about it earlier—that whoever delivers them, the tools must be understandable and simple, and they must clearly identify the deliverable benefits. Program complexity will result in even the best programs sitting idle.

Farmers are the first line of defence in addressing all of these risks, and we must personally do our very best to adapt, understand, and mitigate where we can, as much of the risk as is prudently possible. Agronomically, we must keep up to date and use best management practices to allow us the opportunities to maximize our yield, our quality of product, and our farms' financial viability.

I'd now like to look at production insurance. More directly, there's a problem that I think needs to be addressed within the production insurance program if it is to continue to have farmers' support and, more importantly, if it is to ensure that the program is a relevant business risk management tool for farmers. Simply put, the ten-year averaging of crop insurance yields used for production insurance has not taken into consideration the significant yield increases that we have seen in recent years and will continue to see at a more rapid rate. This is what I call yield lag, which means that the coverages that are being offered to growers today do not reflect the reality of what is happening in the field. Canola is, of course, the leading candidate for demonstrating this lag effect, but all grains and oilseeds will show some lag.

Herbicide-tolerant crops have led to higher yields, due to less competition from weeds and because of better research and better plant genetics. These crops became available in 1996 and are now seeded on about 95% of the canola acres in Canada. The next wave is the move to hybrid varieties. Expected to be seeded on 50% of the canola acres in 2007, hybrids have a significantly higher yield potential than we've ever seen before.

Here's what this means on my farm. Ten years ago, my production for crop insurance on canola was 24 bushels an acre. Today it's 32. However, I will expect to grow 40 or more when I go to seed this spring. That's the yield I have today. Not only can I not cover the 40 bushels that I should be able to produce and will produce, I can only insure up to 80% of my 32 bushels, which is 25 bushels. In today's reality, I'm only insuring 62% of my crop. Does that seem like an effective and sustainable program? Personally, I would gladly

assume the risk of the first 20% of production loss if it were to the yields I expect and anticipate to grow.

Further problems arise on the price side of production insurance. Studies by AAFC and the George Morris Centre in the late 1990s through 2001 show the depressing effect that foreign subsidies have on our prices. It's generally in the neighbourhood of a 25% drag. Production insurance and price levels are based on current projected prices at best, and are thus 25% less than they should be. Add these two negative effects to production insurance and you will see why many farmers are questioning the program.

As I suggested in my presentation on the 27th, we need some kind of innovation factor built into the base production insurance. I say the base because I think it should be available to all provinces that have production insurance. From a federal standpoint, it has to be part of the base in order to respond to the offset risks of today, not yesterday. On the price side, we need to work aggressively at the WTO to get free and fair trade for our grains and oilseeds.

I appreciate that this is indeed an insurance program and must meet the principles of insurance, but surely there must be a way to achieve not only the insurance policies, but meet farmers' needs as well.

•(1015)

I'd like to make a few comments in regard to the recently announced \$600 million NISA-2 savings program. We know from past experience that NISA was a popular and well-understood program. However, we must provide farmers with the needed program flexibility to access and use these funds as they see fit in their operation, and then to live by what they decide themselves.

I would like to now share some of the business risk management design features and principles the B.C. Grain Producers would like to see incorporated in any new program.

First, a program must be production-neutral and not mass-market-signalled. Farmers need to be able to make their own decisions about what is best for their farms based on agronomic market signals and the risk management tools available to them, whether the tools are available through government or private industry.

Second, a program must be predictable and bankable. Without a doubt this is the biggest criticism of CAIS, as I'm sure you're all aware. The recent design changes in inventory evaluation that were made to the CAIS program are steps in the right direction.

Third, it is important that the federal programs be designed to be national in scope, and be designed in a manner that minimizes the risk of countervail or of creating different levels of support between provinces and commodities. Canadian growers rely heavily on the export markets, and we cannot risk retaliatory trade measures by foreign countries.

Fourth, we can generally support the principle of a margin-based program. However, the program design must have more flexibility to take into account the issue of commodities that have long-term price declines due to the negative effects of foreign government policies.

Fifth, any business risk management program should have positive linkages that encourage participation in other business risk management programs, but ultimately it must allow farmers to make informed business decisions based on what is best for their individual farms.

It is important to mention that rather than simply having farmers rely on its support through its programming, government must also actively work to reduce our need for that programming. As farmers, we want and need to earn our livings as much as possible from the marketplace, and not from government programs or assistance. Government does not owe me a living. Government does, however, owe me a policy environment that gives me the opportunity—and only the opportunity—to succeed.

Therefore, the B.C. Grain Producers Association calls on the federal government to do the following: one, actively negotiate in the WTO, through bilaterals when necessary, to ensure Canadian grain and oilseed farmers and processors have access to markets that are not inhibited by subsidies, tariffs, and non-tariff trade barriers; two, move ahead on the smart regs initiative, not only to reduce the burden of regulation on our industry, but also to speed up the timelines in which Canadian farmers can access new and innovative products; three, provide the necessary incentives for research and investment in agriculture. Innovation has been critical in Canadian agriculture success, even in these very difficult times; innovation is also key to future success and competitiveness in the world market. Fourth, our government must show leadership in dealing with the perpetual transportation problems in western Canada. I need not say more.

In summary, we have presented you with our thoughts not only on business risk management, but also, to a lesser extent, on the science and innovation tools we feel are needed in the grains and oilseeds sector. We have also provided some concrete steps this government can take to minimize the need of farmers to rely on these tools and ultimately reduce the cost to Canadian taxpayers. Yes, we need the appropriate risk management tools, but we as farmers need to reduce and manage our risk as well.

I have just provided you, on the very back of your summary, with some of the fertilizer comparisons in Dawson Creek. You can look at that in your time. There have been significant cost increases.

I'd like to thank you. I look forward to your questions and your comments.

Thank you, Mr. Chairman.

• (1020)

The Chair: Thank you, Mr. Ravelli.

Go ahead, Ms. Allison, please.

Mrs. Linda Allison (Southern Interior Stockmen's Association): Thank you, Mr. Chairman.

Welcome to the committee members. I'm very pleased that you're visiting us here in the southern Okanagan Similkameen today.

I'm going to speak to you specifically about the environmental chapter. I'm here representing the Southern Interior Stockmen's Association. We're an association that represents about 150 ranching families in the southern interior of B.C. and approximately 30,000 head of cattle. You've already heard from my colleague Ernie Willis this morning. He was representing our provincial organization. I'm actually a fourth-generation rancher myself, a cow-calf producer in the Similkameen Valley.

Ranchers have long considered themselves stewards of the land and keepers of green space. With the increased urban sprawl, ranching operations and agriculture in general seem to come under closer scrutiny each day. Here in the southern interior, not only do we see increased legislation and regulation, but also we now have what we perceive to be a threat of a proposed national park. When I use the word "threat", you can get the idea that we are not in favour of a proposed national park.

The environmental initiatives that have been undertaken already in British Columbia, through APF funding and actually through agriculture and environment partnership initiatives, have contributed greatly to helping ranchers in British Columbia meet some of those needs and improve some of their management practices. We have several programs here in B.C. The wild predator program I believe is actually unique to British Columbia. That's a program administered through these funds, which works with ranchers to alleviate predator problems for cattle.

The other thing we have been allowed to do through this funding is to develop unique relationships with ministries and NGO groups to develop pilot projects and work through ungulate problems of forage loss, forage depredation. We have several pilot projects on the go, from the wild ungulate compensation program in the East Kootenays, to wildlife damage program in the Peace River area, to an off-road vehicles strategy, to a program for noxious and invasive weeds. All of these relate directly to the environment and to our maintaining our green space and riparian areas.

We've been somewhat slow on the uptake of the environmental farm plans themselves. Nonetheless, they have taken off as far as the ranching community goes. We see increased need for that and increased continuation of the tools and funding that are available through those opportunities. As I said, we are the guardians and the keepers of huge amounts of green space here in British Columbia, and those tools enable us to improve upon that and provide that green space for viewing by urban dwellers.

We have seen huge increases in agriculture and wildlife conflicts here in British Columbia. We have conflicting regulations to deal with, both federal and provincial. We have “species at risk” legislation coming down the pike that we need to deal with on our ranches and for which we need to provide. Actually, the conflicts with wildlife in British Columbia have really gone beyond what is reasonably acceptable for a rancher to be able to deal with on his or her own. I'm sure you've heard stories of crop damage in the Peace, and stored forage damage, especially in northern B.C. this year, because of the increased snowfall. But that's not unique to the Peace River; it's happening all over British Columbia. So we see a need for continued government programs and funding, continued tools and enhanced tools that we can use to work and maintain that green space, to maintain the land base in a manner that will be economically viable in perpetuity.

• (1025)

I do have more information here on the environmental farm plans, just for your information.

Cow-calf producers in British Columbia have been able to access almost \$400,000 of funding, which has gone towards best management practices on their individual ranches, and that's huge. That's just the funding we're talking about, federal funding. We're not talking about the partnered funding, such as Ducks Unlimited and that type of funding.

I think in order for us to continue to be good stewards of the land and to continue to provide that green space area that is so valued by the urban population, we certainly need to look to you to provide us with increased tools, increased funding, increased ideas for us to continue that level of stewardship and even enhance what is there.

I thank you very much for allowing me to speak to you today.

The Chair: Thank you.

For B.C. Fruit Growers, Mr. Sardinha and Mr. Lucas.

Mr. Joe Sardinha (BC Fruit Growers Association): Thank you, Mr. Chairman, and good morning to all the committee members here. Welcome to Penticton. This is the heart of God's country, by the way.

My name is Joe Sardinha. I'm president of the B.C. Fruit Growers Association. I'm an apple grower in Summerland, just north of Penticton. The association appreciates the opportunity for input on the agricultural policy framework to you, this committee, here today. Our association, which has been in existence since 1889, today represents 1,015 commercial fruit growers in the Okanagan, Similkameen, and Creston valleys. This area encompasses 99% of the tree fruit production in this province.

Apples and cherries are the predominant crops in our industry. It's interesting to note that the acreage planted with cherries has substantially increased in the last ten years, largely due to the availability of premium cherry varieties through the breeding program at our Agriculture Canada research station in Summerland, the Pacific Agri-Food Research Centre. That is just a mere few minutes north of Penticton here.

The Okanagan tree fruit industry—and apples are the leading crop—continues to implement a strategy based on being a world

leader in horticultural technology and new varieties. We recently completed a tree fruit industry strategy, and that strategy continued to stress that new varieties and replant are keys to our competitive strength and areas of opportunity. Other areas in our strategy focused on structure of industry organizations, marketing, quality, and labour.

With this brief background on our industry and its strategy, we are going to offer the following observations on the agricultural policy framework. We don't wish to repeat what was largely presented this morning by the B.C. Agriculture Council, because they represent the views of the association on many of the proposed pillars of the APF.

Our association, first of all, supports the Canadian Federation of Agriculture's recommendations on the next generation of agricultural policy. We also support, of course, those concepts presented by the B.C. Agriculture Council, as we are members of both. We also sincerely appreciate the consultative process that has been undertaken for the next generation of agricultural policy, and I do believe phase three is going to be under way shortly.

I'd like to concentrate on three areas of relevance to the tree fruit industry. Some of the items may have been discussed earlier this morning. First of all, on strategic investments, the agriculture policy framework needs to include a pillar for strategic investment, as per the CFA's proposal for a Canadian farm bill, and in particular, the proposal for a strategic growth pillar.

In the horticulture industry, we wish to increase self-reliance and get to a new way of operating. In the horticulture sector, we take great pride in delivering healthy, high-quality product that is produced in an environmentally sustainable manner and contributes to the health of Canadians. To do this, we need agriculture policy that looks ahead. We need agriculture policy that supports industry strategies, promotes innovation, and, more importantly, invests strategically.

I'll now provide an example of what we consider a prudent strategic investment. The tree fruit growers in B.C. have some encouraging news on this front. We are much better off today due to the development and commercialization of new varieties. The B.C. industry is a world leader in replant, and this has been encouraged by a provincial replant program in effect since 1991.

You will have this in your brief; we do have a chart provided for you that illustrates the following points. From the years 2000-02 the apple industry in the Okanagan generated an average of \$56.7 million for growers at the farm gate level. If the industry had not replanted under the provincial program, then about one-third of the production would not be in the high-priced new varieties that are in the ground today. Had we retained the old varieties there would be an \$11 million decline in industry revenues based on the lower returns that we would have garnered from the traditional varieties. If we assume that market-driven economics would have reduced apple acreage by one-third—in essence, an attrition of the industry—and we did not replant at all, then there would be an impact of \$24.4 million on the overall farm gate revenue generation.

We have seen this level of impact in Ontario, where the industry has shrunk considerably, and in large part in Nova Scotia, until the recent announcement of a provincial replant program in that province. We feel that the success of the replant program as a strategic investment is very clear. On a comparison level, we see that the grains and oilseeds sector is benefiting from a national alternative fuel strategy with government-funded investments in ethanol and biodiesel production as a method of precedent-setting in terms of strategic investment.

- (1030)

We highly recommend that the federal government focus on strategic investment by offering a national program in tree fruit replant, as has been proposed by the Canadian Horticultural Council—and, may I add, by the last four federal agricultural ministers, so it's been a work in progress.

Three of the four main apple-producing provinces now have replant programs, but the federal partnership is missing. We need more consistency in the agriculture policy framework, and the best way of providing this is a national strategic investment program such as replant. The net effect of a national replant program would, of course, position the industry to remain competitive and sustainable for the long term.

My second item is on trade, and it too was brought up this morning. In terms of trade, I have a little pet name here—"alien invasive species". That's what we're calling imports these days in the apple industry.

Fair trade is an issue for fresh produce. Fresh produce occasionally gets into an oversupply situation, particularly in the North American market. In fact, price collapses occur in the North American market due to factors such as retail consolidation and U.S. expansion of subsidies that promote unrepentant overproduction.

These market failures have a very negative impact on an industry. Our industry here in the Okanagan suffered a 50% revenue decline for the 2004 crop. Who can take that on an ongoing basis?

Such a collapse causes the level of investment and confidence in business planning to suffer. We know that consumers suffer because they may no longer be able to source local products. We know that taxpayers suffer as they pay for financial programs and transition payments to assist industry with those huge shortfalls. And we also know that retailers are huge beneficiaries. They pay half the amount for purchasing the produce and do not pass the savings on to the consumer.

So apart from imploring governments to provide special assistance during these situations, grower associations can pursue trade actions against dumped products. For the fresh produce, we would like to see an alternative to the current anti-dumping process: trade action. I'll just outline a few brief things on the drawbacks of the current system.

The process is not timely. The time to gather extensive data, prove anti-dumping, and finally prove injury is a huge constraint.

The process is expensive to administer. At a minimum, it's \$275,000, and about the same amount of in-kind funding by the producer associations, to launch an anti-dumping case. The dollar

amounts can rise. And keep in mind that this is when the commodity associations are dealing with a financial disaster, to boot.

The process is highly uncertain and the results often seem very random, or at the whim of the administrator. In this case, the CITT, or the Canadian International Trade Tribunal, has the final decision-making authority.

And I'd add one more, which is not in your brief. The process is entirely reactive.

This is the current process that we must deal with under SIMA, the Special Import Measures Act. We feel that a new method of dealing with market collapses and failures due to product dumping needs to be investigated. For that, we are working in conjunction with the Canadian Federation of Agriculture. They're examining our proposal that a minimum import price be established that is a certain percentage of the prior five years—in other words, a reference period. And we're arbitrarily saying 95% of the value of that reference period. That's when U.S. or world prices for produce fall. Imports to Canada will enter only at a minimum 95% of this prior price level.

We know there are probably rules in international trade and that this type of proposal or approach does not entirely match those rules. However, we feel that the impact will not be negative on exporters to Canada. They will be exporting to a higher-priced market and they will also have unfettered access, as they currently do under NAFTA and other trade agreements.

We hope to have more on this in the future as we develop a strategy and a business plan with the Canadian Federation of Agriculture.

I have used this as a case for apples. I would like to state that this is becoming an issue also for the cherry industry here in the Okanagan. We see incidents of the same dumping occurring.

Lastly, I would like to talk about domestic marketing, and essentially, the Canada brand. The current agricultural policy framework does not have a marketing pillar, but I see that one is proposed.

- (1035)

National programs of course do exist for developing export markets. I think we can all recognize that a strong domestic market will lead to success in international markets. So the current approach is missing one step: we've built up brand Canada for international markets, yet we don't look at our own domestic market internally.

I believe this point was also brought up this morning. We feel that it is imperative that federal policy change to provide for the developing of Canadian markets. Purchase of local products will lead to increased food safety, improved environmental sustainability for foods, and greater success internationally as well. The agriculture industry desperately needs domestic marketing, including the mix of agriculture policy framework programs. This is where I feel two steps could be taken to initiate this process. Both institutional sourcing of Canadian products and the domestic use of the Canada brand initiative are definitely positive starting points, and we have to focus there.

In conclusion, in addition to the CFA recommendations for the agriculture policy framework, and of course the input of the B.C. Agriculture Council, we would like to see a focus on strategic investments and minimum import price mechanism based on prior price levels as a proactive measure to eliminate dumping and maintain fair trade. Fairness has to come into trade. And finally, we would like to see a new focus on marketing Canadian products domestically.

We didn't have time to add one more thing, but just as a side note we wanted to include it. We ask that the minor use program, which is so vital to horticulture, continue to be funded, because there is some really positive work coming from that program. We are getting more registrations from the PMRA as a result.

Thank you very much.

•(1040)

The Chair: Thank you, Mr. Sardinha.

There was some talk during the quick break about a five-minute round instead of seven-minute rounds. I'm open to suggestions from the committee on how you want to proceed. Do you want to stick with seven minutes on the first round, or go to five?

Hon. Wayne Easter: Five. It gives everybody a chance.

The Chair: Do we have a consensus? You guys are okay?

A voice: Sure.

The Chair: With that, Mr. Hubbard, five minutes, please.

Hon. Charles Hubbard (Miramichi, Lib.): Thank you, Mr. Chair.

Thank you for the welcome you have offered us here. It's my first time in Penticton. I've been in areas around here before, but to come to this from New Brunswick, with two feet of snow yesterday, it's certainly a welcome climate.

As a committee, as we go across the country and hear from all of the different sectors, everybody has a solution, but there are too many problems from the adjoining seats at the table. It's very difficult to come up with a policy that's going to suit everyone.

Maybe I'll start with Ross. It wasn't too long ago, I think, that we had a farmer from your area drive to Ottawa with a combine.

Mr. Ross Ravelli: Yes, he's still up there.

Hon. Charles Hubbard: He must have done a very good job, because today you're much more optimistic. You seem to think, at least on the grains and oil seeds, that things have improved. So if you

send a second guy there, maybe this summer, with a new government, it could be a wonderful world you're into.

Looking at your concept here of insurance, you know that governments pay most of that insurance business. Producers have a certain.... You want an increase in it. If we went to other insurance programs that the government is involved with, should it be only producers—maybe with governments playing a minor role in insurance—who are involved? Somehow across the country, with crop insurance, production insurance, it could be regulated, administered, and looked after by farmers and agricultural groups instead of our provincial and federal governments being so much involved. Would that work, from your perspective?

Mr. Ross Ravelli: I'm just trying to think of what kind of insurance, what kind of private industry, or even a producer group, would have the backstop for that kind of risk, because it's all about managing your risk. I mean, whoever did it would still have to go out and re-insure on the international market for that risk.

The point I would like to make is that if insurance covered my effective production and risk, I may be willing to pay more as a premium, even within the program we have today; but it has to be relevant to what we're doing today and the risk.

Hon. Charles Hubbard: So your recommendation is that government must play a major role in any risk that farmers across this country are taking, paying probably 60% or 70% of the losses each year.

Mr. Ross Ravelli: I just don't have a vision of what the other option could be. I guess if I saw something presented, I'd be willing to look at it. On the national program, because it is a national issue for a lot of crops, how can we step back from that?

Hon. Charles Hubbard: Secondly, the last report that we wrote spoke very strongly about a disaster program. It seems we hear a lot of that everywhere in terms of something major happening, whether it be BSE or whatever. We do have problems with drought. It's very difficult, for example, to define where the disaster is, if it's after one or two years or how far you have to get. Flooding is something that the previous group brought before us. But in terms of disaster, I guess most people around the table would agree that we should have a major program dealing with disasters.

Ms. Allison, would you concur in terms of the cattle industry?

Mrs. Linda Allison: I would certainly concur that disaster insurance would be the primary insurance we would be concerned about. As you mentioned, drought is very difficult, and we've gone through BSE. Even though there have been announcements of money paid out on CAIS to folks, etc., I personally don't know anyone who has received anything. So if it were on a disaster type of basis, I think it would respond in a more timely manner.

Hon. Charles Hubbard: We've also heard about research. Major changes were made in the research operations across our country about seven, eight, or maybe ten years ago. Has it worked effectively in your industry? Are big players taking all the research money? Getting down to the sector level, are we putting adequate attention to research?

Joe, you talked about that in terms of your apple industry. It's very important to have a vision and look at research to do that, but do we put enough effort nationally, as a government, into research and helping your sector and other sectors?

• (1045)

Mr. Joe Sardinha: In terms of research, the Canadian apple industry just had a national priority-setting research workshop with players from Ontario, Quebec, New Brunswick, Nova Scotia, and B. C. The very thing I talked about, in terms of the breeding program, was one of the top five research priorities that came out of that.

We are struggling with that very thing. We are struggling with Agriculture Canada maintaining a focus on primary production and research issues, things such as integrated pest management, working on diseases, insects, those types of things, the primary production research, because a lot of the focuses now are going to things like nutraceuticals, food safety, and biotechnology. Quite frankly, biotechnology in our industry scares the heck out of us. We don't want to be planting a bioengineered tree in our orchards just yet, because of the backlashes that could occur.

So some of these AFC focuses are positive. They're going to create new opportunities, such as value-added product development and what not. At the same time, we need to reserve a huge chunk of resources and attract new scientists on a continual basis who will come and do the work for primary production and research. That is really key.

Hon. Charles Hubbard: Do I have a bit more time?

The Chair: Just a short question.

Hon. Charles Hubbard: The other point that Ross and others have mentioned this morning is infrastructure. When we talk about subsidies and all of that, we get involved with world trade and everybody else who's critical of governments putting money into programs. But with infrastructure, whether it be your transportation sectors or whatever it might be, it would be good to present to governments what we can do outside the farm in order to improve the revenues that farms might have.

Finally, as a brief allusion here to the concept of the retail industry, it's becoming very, very small in this country. Many farmers, of course, are having great difficulties dealing with that on an annual basis. You can supply a product for three or four months. But I would hope that you would look at what's happening in Europe, Britain in particular, and see what some of their attitudes are in terms of how they're dealing with retailers and what retailers may do for your industry.

I guess I've used my five minutes. Thank you, Mr. Chair.

The Chair: Thank you, Mr. Hubbard.

Does anybody want to get in a brief reply?

[Translation]

Mr. Gaudet, you have five minutes.

Mr. Roger Gaudet: Good morning, everyone.

I'll get right to the crux of the matter. Mr. Ravelli seems happy, this morning. He said that he no longer needs government subsidies. I want him to explain to me how he intends to compete with the United States and the European Union, which both subsidize their agricultural sector. I'm astounded to hear that everything is just fine and that the federal government no longer needs to hand over any money.

As a grain producer, how do you think you'll compete with the United States and the European Union without any subsidies whatsoever? Will you work for nothing? I want you to explain that to me. I might have misunderstood your presentation.

[English]

Mr. Ross Ravelli: By nature, farmers are often mystic people. Absolutely. We assume a lot of risk, but we go out there every spring with optimism.

As far as how we compete with the United States and Europe, we know that's a problem. But if we look to the next few years with the biofuels industry coming onside, we've already seen what that has done as far as driving the prices. The prices are up 30% over last year. So that gives us some optimism.

As I mentioned, innovation, even during trying times, has been a real benefit for Canadian agriculture in the last few years. This move to new crop varieties has accelerated in Canada and North America, which has allowed us to be on the leading edge of technology. We lead it; we don't just assume it is happening. Our farmers have become very innovative in finding ways to cut costs. We are very streamlined producers right now.

I don't know how much more we have to give or how much more we can collapse that cost. I don't know that. But I am optimistic about the changes I foresee in the next little while. I'm not laying my hat for the future on the WTO. We'll have to live with international subsidies for a long, long time. But I know that is the direction we have to move in to get that kind of solution.

I don't know if I answered your question.

• (1050)

[Translation]

Mr. Roger Gaudet: That's a valid response. But only on the condition that there were no problems of any sort such as floods, droughts, or anything of a similar nature. Everything would need to be shipped at lightning speed. I'm not so sure that things will be that easy.

As far as other production sectors are concerned, I know that people are encountering problems, and I am not sure they are really managing to obtain federal government subsidies. And I'd like to know the other witnesses' opinions on this, that is Ms. Allison, Mr. Sardinha, and Mr. Lucas.

[English]

Mrs. Linda Allison: I'm somewhat confused. What do you mean, that we don't have access to the funding?

[Translation]

Mr. Roger Gaudet: The witnesses who appeared before you said they didn't get their fair share of the subsidies they were entitled to. These subsidies supposedly targeted farmers in general, but only some of them ended up benefiting from them. Some production sectors or small producers aren't getting any subsidies, unless the government sets up their own targeted subsidies.

I'm not sure things are going so well for apple growers. When they are having a tough time, are they entitled to benefit from programs such as the CAIS in order to offset their loss of income?

My question is simple: what sort of assistance are you expecting from the federal government?

[English]

Mrs. Linda Allison: Speaking specifically to the CAIS, yes, we all have access to it, but the question is whether we qualify to receive funding. We don't all qualify based on the tax implications, the status of our farms. That probably has to be looked at. If there were a disaster portion, more people would probably qualify. Other government funding, such as the funding available through the environmental farm plans and the best management practices, is available to everybody. I think more and more agriculture producers are choosing to access that funding.

There was probably a bit of hesitation and fear of the unknown. You know, "Oh, my God, what do they really expect from me if I access this funding? What will I have to live up to?" That's going by the wayside. More and more people are accessing that type of funding to provide better production practices on their farms, to upgrade their facilities, to protect riparian areas and that sort of thing. I think more people are using that funding. But specifically on CAIS, no, they are not getting that.

The Chair: Does anybody else want to comment?

Mr. Sardinha.

Mr. Joe Sardinha: Yes, Mr. Chairman.

I think the word "affordability" came into play in a lot of these programs in the past, and it continues to be an issue for the provincial government in consultations with the federal government. The word "affordability" comes up time and time again, and that's a problem. If we use the word "affordability" as the be-all to design programs, yes, there are going to be constraints on whether producers can access programs, because the dollar value will have a finite limit.

The other thing I wanted to comment on was in terms of the distribution of the money. The grains and oilseeds sector has had a huge issue with declining margins, and it's something that hasn't been addressed by CAIS. Perhaps a NISA component would be a better way of addressing declining margins because of the allowance of inputs in the calculation.

In terms of the dollar distribution, horticulture has been seriously shortchanged in the recent federal announcements. Maybe not in the most recent announcement, but going back last year, \$900 million flowed to the grains and oilseeds and cattle sectors through inventory evaluation, and in applying that methodology nothing went to horticulture.

If you talk about equal access of producers to government programs, that's one area where it's been sadly lacking, horticulture, which is 80% of the agriculture GDP in this country and produces crops that are readily edible by Canadian citizens. We have been left hanging, and some of the sectors—and I'm saying particularly our sector—went through a major financial disaster in 2004, thanks very much to our U.S. friends. So we are a small voice, and we haven't been heard. I say this with respect for the cattle sector and grains and oilseeds sector, because they've had their issues.

One other thing is that I also support the proposal for a separate disaster component. When you talk about affordability, what has depleted the CAIS program funds provincially and federally has been instances such as avian influenza and BSE. If we had a separate catastrophic loss or disaster pillar, those issues would be taken care of outside of the regular safety net program.

• (1055)

The Chair: Merci, Monsieur Gaudet.

Mr. Miller.

Mr. Larry Miller: Thanks, Mr. Chairman, and thanks to everyone for showing up.

I'm basically going to put my questioning along the same lines as our witnesses this morning, because I'd like to hear your comments.

Ross, it's good to see you again. I have a question for you. We talk about having something to specifically address disasters and that kind of thing. We've heard comments by Mr. Sardinha about BSE and the avian bird flu, and to me they are specific disasters. We have from time to time adverse weather conditions that affect all sectors of agriculture, whether it be a mini drought or whatever you want to call it, or excessive moisture, and that kind of thing. Do you think that crop insurance should be mandatory throughout agriculture? I know there are some debates on that, but should it be part of the overall thing? I'd like to hear your comments on what you think of the announcement here to move back to the 15% top-up to the CAIS program.

To Ms. Allison, there's one question that keeps coming up, and earlier I asked your counterpart about it as well. The CAIS hasn't been responsive enough in all sectors of agriculture, and specifically you hear some good stories and horror stories in the beef industry. Do you think that this 15% top-up is going in the right direction?

I have a more general question. The family farm keeps coming up. Should programs and government funding be directed more to the size of farms, or basically to make us competitive on the worldwide market?

Mr. Sardinha, you talked about a number of things in the fruit industry. I know about these things, because I have quite a few Georgian Bay fruit growers in my own riding, and I know that they haven't been able to access CAIS money; it just hasn't worked. Are you suggesting in any way that the fruit industry or the horticulture industry should be in supply management? And one specific question I have—and I don't know the answer to this—is what percentage of the fruit is grown? I take it that we're a net importer of fruit, and I'd like to know the numbers there as far as that is concerned.

I'll leave it at that for right now, and if I have any time left maybe I'll add some more.

Mr. Ross Ravelli: Great, Larry.

One question that I have noted down is you want to know about crop insurance as a mandatory feature. Is the NISA top-up the recent option you're talking about?

Mr. Larry Miller: Those two, yes.

Mr. Ross Ravelli: Those two, okay.

On crop insurance as a mandatory feature, we talked in my presentation about having flexibility on every farm. When I sit down in the spring, I have my crop insurance options before me. They have three prices and three price levels, and every one has a different level of premium. I have to sit down and look at my farm and weigh these three options, which are really nine options. It makes it confusing to find out which works best for my farm. Right next door, Linda can be somewhere else in Saskatchewan looking at the same types of figures and saying, "Well, that doesn't quite work. My risk isn't as high." Maybe on her farm she is spread out further over the country and she doesn't have the risk for hail or the drought risk that normally you have.

So to make it mandatory, would you set the level or would you just say that you have to have it at some minimum? If you say some minimum, in my scenario that I gave you, when the top is already 60% of what I grow, why would you want to make a minimum less than that?

I don't know how you can make a program mandatory that I don't think is as valuable as many people think it is. I think it takes options away from farmers. I'd hate to do that. And I'd hate to have that mandatory part of this business risk management basket say that you have to have this to get that. That takes away flexibility. I think you heard this morning from everyone that flexibility is what farmers have to have to make the best decisions.

In terms of the NISA top-up, I'd almost throw that question back. It's \$300 million per year that's revenue-neutral to the government. It went from the NISA top-up to a smaller group. You've got \$300 million, and now it's three times the people who have access to it. What was that top 15% supposed to do? Does it now meet the needs of the people who triggered it because you've just spread it over more people? I question that. I'm not sure. As a farmer who didn't trigger it, yes, all of a sudden I'll have access to more money. Does that make it a valuable program? I'm not sure. Was there a need for me to have it? That's the only question I would have. It does spread it out. I question it.

Also, the other question I have for you is that it is now an amber program. It was in the green program and now you've moved it into the amber program. Whether the international trade will do something with it, I don't know. I have a question on it.

• (1100)

The Chair: Ms. Allison.

Mrs. Linda Allison: Thank you.

Your question to me was regarding CAIS and the top-up.

Mr. Larry Miller: That was one.

Mrs. Linda Allison: Okay. I question the greenness of that program as well—how valuable that would make it.

I also question how valuable it will be to the cattle producers as a whole. As an example, I am one of the cattle producers. I'm a 200-cow calf producer. I also run a few yearlings. In the whole lifetime of CAIS so far, I have been given \$9,000, of which I now have a letter on file to pay back \$4,500.

I know there are a lot of people in the same predicament as I am, and a lot of them have actually thrown up their hands and said "My goodness, why do I even get my accountant to do this? Why do I go through the extra paperwork and even bother with it?"

I could never give you a concrete answer on CAIS right now. It's very controversial in the cattle industry. They'd like to think it was going to do something for them, but that remains to be seen.

What was your next question?

Mr. Larry Miller: The family farm is always something that comes up. Should government funding be directed to or lean towards smaller family farms, regardless of size, and not concentrate specifically on making all agriculture competitive in the world market?

Are you clear on what I'm asking?

Mrs. Linda Allison: I'm very clear on that, and it's rather a trick question.

I asked the question at our regional meeting the other day: How many ranchers in the room are under 40? There were only about 50 people in the room. There were two active producers under 40. How many ranchers in the room are 75 and over? There were a few more who were in that category. So the rest of us were in the 40 to 75 age group.

You talk about the family farm. It's a difficult thing to know what to do, because not that many of us have children who are even willing to step up to the plate any more and take over that family farm. It's hard to give you a definite answer on that.

Mr. Larry Miller: Okay, thank you.

The Chair: Thank you, Mr. Miller.

Mr. Atamanenko, for five minutes, please.

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

I have a question for Linda. First of all, it's a pleasure seeing you and meeting you finally.

In terms of the national park as a threat, what do you mean, specifically?

Mrs. Linda Allison: What do I mean by the national park as a threat? Well, for one thing, the proposal is a very splintered proposal. It also includes a lot of urban area.

The big concern that the southern interior cattlemen have is that British Columbia is unique, in that the ranching industry depends on crown grazing. Our cattle, while they stay home during the late fall, winter, and early spring, go to crown grazing owned by the provincial government for the summer months, for which we pay a grazing fee. As well, we have to make all the improvements and live up to the forest practices we sign on to.

If that part goes ahead, our concern is that livestock grazing will be extinguished within the park boundary. What happens then to those ranchers? Without your crown grazing, your ranch goes sideways. You're very dependent on that. What happens to those ranchers who no longer have crown grazing? How on earth will they ever be compensated? What precedent will that set?

In addition to that, let's say you have this park. It's going to impact my friends the fruit growers, or the grape growers, or any other agriculture persons, because now you're going to be saving these animals within the park. How are they going to fence out any of the wildlife that's there?

In addition to that, loss of any ranches within the southern interior impacts all the machinery dealerships, the feedlots, and any agri-related industries whatsoever.

That's where our concerns lie.

• (1105)

Mr. Alex Atamanenko: Thank you.

Joe and Glen, I'd like to pursue what you meant in what you talked about. You talked about a minimum import price. Is that different from what you mentioned earlier this year about a rapid response tariff? I'm looking at this as proactive, whereas you see the rapid response tariff mechanism.... The way I understand it is that if today apples are dumped from Washington State, right away we would like to see a tariff imposed on these apples, rather than go through that whole process you talked about, which takes months and is costly and doesn't give any effect. Is this different?

This rapid response proposal of yours has been approved by the Canadian horticultural association, I believe. Where is it right now? Is there national agreement from the other apple producers? I'd just like some clarification; I'm not sure where we are with these two.

Mr. Joe Sardinha: Thank you for asking those questions.

First of all, we talked about it initially in the context of having a rapid response tariff mechanism. Perhaps it's better if we do have a minimum price, in the sense that it's less on the retaliatory side and more on the side of maintaining market stability. For those purposes, because there are so many other situations in which reference prices are used to comply with certain obligations in international trade, we go back in history and use a reference period to print and put out agricultural payments—general payments to the farming community—because you can't use last year's figures to comply with trade rules. In that sense, using a historical average would make more sense to arrive at this thing.

I didn't get a chance to answer the previous question about whether this is trying to manage supply. It is absolutely not. We fully realize we're importing 50% of the apple needs for this country, so we're never going to be able to establish supply management in that

sense. We just want to bring some stability; we want some proactive mechanism. That could be as simple as having a reference price at the border. Canada Border Services Agency monitors the price of imports coming in all the time. If there are any anomalies, they can take some quick corrective measures to say the product will not be allowed to come in because it is below this reference price.

Where is this right now? Our resolution was passed at the AGMs of both the Canadian Federation of Agriculture and the Canadian Horticultural Council. We've said that we've already contacted the CFA recently; their policy analysts will be looking at this, and we hope to develop something further with them.

Ultimately maybe this is not an issue for Agriculture and Agri-Food Canada, but more of an issue for the trade minister. I think that's eventually where it's going to end up—in the trade minister's department.

I imagine the words “emergency tariff” have more clout, but we're looking for something that's going to work.

• (1110)

Mr. Alex Atamanenko: So specifically, you're moving more into the area of the minimum price than towards the idea you expressed in your communiqué, which talked about a rapid response. Just so I'm clear in my mind, is that correct?

Mr. Joe Sardinha: Yes.

Mr. Alex Atamanenko: Do I have a few minutes?

The Chair: You have a few seconds.

Mr. Alex Atamanenko: Concerning the impact of biofuels on the farming industry, do you see our going more into biodiesel? Does it give more of a bang for our buck than ethanol?

Mr. Ross Ravelli: I think absolutely, given that canola and biodiesel is bigger in Canada. We have the product to do it, and the world is demanding biodiesel from canola, so I think it's going to have the biggest impact on us. Whether it takes three or four years for the world to start depressing prices—right now there's a very big growth in it—or when it comes and when it starts to level off, I'm not sure. But for the next few years it looks very positive.

Mr. Alex Atamanenko: Thank you.

The Chair: Thank you, Mr. Atamanenko.

Mr. Easter.

Hon. Wayne Easter: Thanks, Mr. Chair.

First, Ross, on your proposal, I know you're saying you want to get your money out of the marketplace, and I don't disagree with that; in fact, I wrote a report along those lines. But Barry Wilson had some startling figures the other day; they are actually scary. Over the last 21-year period, wherein farmers produced \$525 billion worth of product, the realized net farm income was \$51 billion and the payments from the federal and provincial government were \$58.4 billion. So from the marketplace, between 1985 and 2005, we netted negative \$7 billion. That includes supply management.

Then, when you look at the other factor, our debt-to-income ratio with the United States is just unbelievable. Theirs is 4:1, and ours is 25:1. We have to recognize that reality.

My question to you on that line is this. If the U.S. is going to be subsidizing, and the Europeans, do we have to, whether we like it or not, basically request that we meet the Americans head on, dollar for dollar? That's question number one.

There may be an angle here. On your higher levels of insurance.... And I agree with you that we're away behind the times on crop insurance; with new varieties coming on and sometimes the averaging that is done, we need to be higher than we are. But if we went to higher levels—I think you said 40 bushels of canola may be within range in your operation—would you know whether it would still be considered “green programming” under WTO? If we went to higher levels, and if it's green.... We have to change our funding so that it's green, not amber or....

The second question is really to you, Joe. I'm intrigued by the 95% minimum pricing you proposed. We need to look at that. I expect there are trade implications. Do you have any proposals on the domestic marketing side about what we can do there?

Those are my two questions.

Ross?

Mr. Ross Ravelli: In your first comment, Wayne, on meeting the subsidies of the United States or Europe or whatever it is, certainly I sense your frustration, and you would sense it with every farmer, that Canada is being the boy scout. With every government I can remember, that's more or less what we've been. We've always said we can't match the treasury of the United States or Europe, and we just won't go there.

Could we have another pillar—I would suggest another pillar—under the APF that has something to do with international trade, and in it have somewhat of a grandfathering clause, or a mechanism whereby we could look at international trade and how it affects agriculture, and use that as the vehicle to address it? That would seem to be a better fit to me. It keeps it focused on looking at that effect. This may have some validity to it; it would focus it. Right now, the issue gets spread out, but the issue is everywhere; it's in every commodity. We tend to pigeonhole each other and say, “Well, that's an issue for you, but not for me.” Maybe if we had a pillar, we could look at it that way.

As to changing how the subsidies work, in the United States we're now going to see the American subsidies not be within their farm plan. It's going to be an environmental subsidy, because it's going to go into ethanol. That doesn't reduce the price of the product on the world market.

It's a great way to do it. Europe has always put their money right in the farmer's pocket. It doesn't affect the trade and the commodity prices; they do it a different way, find a different mechanism, if they want to support farmers. If we want to support farmers but not specifically tied to the commodity, that's a lot more palatable to me. It allows the market to give me my money.

Will crop insurance be or not be green? It will only not be green if we can't justify how we reached the figure. If there's a way of...not Olympic averaging or something like that, but finding a way to use historical figures to achieve it, whether it's an acceleration factor.... It has to be something you can reasonably quantify. I don't think crop insurance would be that big a manipulation to figure out.

I hope that answers your question.

• (1115)

Hon. Wayne Easter: Yes.

Joe.

Mr. Joe Sardinha: It's interesting that you should pose the question of what can we do on the domestic marketing side for the industry. As I said before, we are in a situation where 50% of what is consumed in Canada is being imported. How do we transition the industry into a level of competitiveness that sustains itself, particularly in a domestic market?

If you look at the U.S. Farm Bill, most of the money was going to corn, rice, cotton, soybeans, and grains. But guess what? They left the specialty crops out of the equation in the first farm bill. Now they're talking about targeting specialty crops, and that includes fresh fruits and vegetables. They'll be concentrating more effort in those areas, and perhaps reducing some of the corn subsidies that Canada is challenging the U.S. on.

They propose to put \$3.2 billion over five years into institutional buying for healthy snack programs in their schools. We started one here in B.C. They're going to put some serious dollars into that. So they'll be sourcing local products, perhaps buying up excess products they would normally have to dump into somebody's market. They're going to turn it into healthy eating programs in the U.S.

I believe that in Canada the government has to lead by example. It is totally unacceptable to find apples in the House of Commons from Washington State, when there are plenty of apples to be sourced in Ontario. If you can't find the unique varieties, for God's sake bring them from B.C.

Hon. Wayne Easter: That's a good point.

Mr. Joe Sardinha: We need institutional buying programs as a good starting point, because that sets the example. Buy Canadian, buy local, buy quality, buy for food safety.

We need to use the Canada brand. If we're going to use that, put some credibility around it. Put limits on what the Canadian content should be. If it's a processed product, it should have a high concentration of Canadian ingredients to be able to use the Canada brand. Let's use it domestically, because the marketing strength starts at home.

Hon. Wayne Easter: I was told the other day—and you can confirm this—that apple concentrate coming from China is mixed with 80% Canadian water and they call it a product of Canada.

Mr. Joe Sardinha: Is that bottled water? I hope so.

Hon. Wayne Easter: No, it's being sold as apple juice.

Mr. Glen Lucas (General Manager, BC Fruit Growers Association): That is correct. As long as it's processed in Canada it's called a product of Canada.

Hon. Wayne Easter: That's crazy.

The Chair: Thank you, Mr. Easter.

Mr. Harris.

Mr. Richard Harris: This discussion has turned interesting. Do we have Washington State apples being supplied in the House of Commons?

Mr. Joe Sardinha: I believe so. An MP from this area, Ron Cannan, from Kelowna—Lake Country, in his first year in Ottawa, was appalled to find products from Washington State in the Commons cafeteria. He contacted our vice-president at that time from Kelowna. Our vice-president systematically took two boxes of apples to the airport and put them on a plane. They were delivered to Ottawa. Ron Cannan proceeded to distribute those apples in the House of Commons, just to make a point. What are we doing eating U.S. fruit and not setting an example for Canadians?

Mr. Richard Harris: We'd better fix that in a hurry. Ron Cannan is indeed a great MP from the Kelowna riding.

I've noticed in the grocery stores an increasing amount of tree fruit from China, in nice packages. They all seem to be perfect. It's almost like they're artificial, in a way. What is the impact currently on the Canadian tree fruit producers? What fears, if any, do you have for future fruit imports from China? I understand they're going into this on a pretty large scale, so what's your thought on the future of this?

• (1120)

Mr. Joe Sardinha: You're right about Chinese produce. They produce some exotic pears.

On the apple side, you'll find Chinese Fujis for the most part, which they produce in great quantity. I'm not sure of the import figures to Canada, because they had a trial export period of time when the amounts weren't that great.

The biggest impact to date from China has been the takeover of the Far East markets—Hong Kong, Singapore, and so on. They've taken them away from North American suppliers. We used to send a few apples there from B.C., but Washington State was the biggest supplier. That's why we're seeing the suppliers' excess product, which they haven't made the adjustments for, coming across the border into Canada, often at dumped prices.

What is our fear with China? I know they have increased exports. But at the same time, the word coming out of China is that they now have a huge economic engine. They have an emerging middle class, which wasn't there before. They have greater wealth in the hands of Chinese. They also have a family policy now that allows two children, so the population is increasing by seven million per year. Between the better economic situation and the increasing population, the Chinese will have more disposable income to purchase healthier foods, including apples. They will be consuming a lot of their own country's production increase.

Our neighbours to the south published a very interesting article of their analysis of the Chinese situation. So we hope that is going to happen.

Mr. Richard Harris: No kidding.

May I pass on my remaining time to my colleague?

Mr. Larry Miller: Mr. Ross, both you and Linda appeared to be lukewarm on the idea of the 15% top-up to NISA. I believe the CFA pushed that at the former government, and certainly at ours. Is it time

for us to have one national voice for agriculture, instead of many smaller voices?

We probably won't have the time, but I'd like to hear more about the apple industry. As a beef producer, it always bugged me that we were shipping beef out of the country and yet I was competing locally. My wife would go to the store and see U.S. or New Zealand beef. That's a problem in the fruit industry as well. I don't have an answer for it, but if you have time, do you have any comments?

Mr. Ross Ravelli: First, I'd like to start off with whether it is time for one political party in this country.

Mr. Larry Miller: I've got your answer.

Hon. Wayne Easter: We're trying to work on that in Nova Scotia.

Some hon. members: Oh, oh!

Mr. Ross Ravelli: Philosophically we're a little different, but I think the point you raised is that there should be better communication in discussing this.

I was quite surprised when the 15% came up fairly rapidly. There wasn't a lot of discussion. We never heard the minister's side asking us what we thought about it. It was a matter of us hearing it put out there, and then suddenly it was there.

So there is a lack of communication not only among those on the farm side, but it's also lacking on the government side, looking for consultation.

Mr. Larry Miller: Maybe my question should have been is the multi-voice system working.

Linda, I'd like to hear your comments too.

Mrs. Linda Allison: I agree with Ross that one voice would be a very difficult theme to sell, but they need far better communication between the commodity groups. I don't know how to accomplish that. Often the producers on the ground are the last ones to know what's happening.

The Chair: Thank you, Mr. Miller.

Mr. Steckle.

Mr. Paul Steckle: I'm going to continue this vein of thinking. I happen to watch Dr. Phil sometimes, because I need some direction from time to time.

Mr. Larry Miller: You're going to have a lot of spare time.

Mr. Paul Steckle: I intend to spend more time watching it.

The one question he always asks is, is it working? Usually the response is no. Well then, why are you doing it?

We've done this. We can have APF talks until a new generation of cows comes home, and we will be talking about this again 14 years from now.

Do we have a problem in this country? We have disparity among provinces, in terms of their ability to put forward programs. Saskatchewan can't do what Alberta can do. Ontario can't do what Quebec can do. Quebec has a program that is much better than ours, and in fact much more equal to the Americans than any other province in Canada.

Do we want to continue to go down that road and fight each other as provinces? I don't buy the suggestion that we can't talk to one another because we live 2,000 miles to the centre, apart from each other. We've living in a new age; we're not living back in the 1920s. We come together at meetings such as this in a matter of hours. We can congregate and bring our thoughts together.

It's time to look at a new generation of thinking. Regarding self-directed programs, we should have three or four in the basket under various colours. You choose what you want for your operation. If you're prepared to live with the consequences of your decision, you must live with them. Where you put in certain dollars—just as you would to insure your barn, house, or car at a certain value, given the comprehensive and so on—that's your decision. You can't blame a politician for that.

But it is incumbent on the government of the day, which I believe needs to be the federal government, to make a national program, just as we do in defence. The States doesn't have 51 different departments of agriculture putting forward programs. Yes, they have departments that relate, and we would still have that. But putting the policy in and initiating the moneys would come from a central source.

I believe this truly, and I will hammer it across this country over the next two weeks.

It's important that we start changing our thinking and do that collectively. We did what we had to do for the beef industry. We put money there, we built the capacity, and what's happening today is that 50% of our animals are going south of the border. I'm appalled. If we have a disaster tomorrow in the beef industry, we will have the same people coming back and asking for more help. That is not the answer. If you insure the barn and get your premium, that's all you can ask for. You can't ask for more; you made the decision.

It's incumbent upon the primary producers and government to work together. We have to deal with those circumstances that are beyond our control, beyond our borders. If once we commit to doing this, we will find a way to do it. Just as we find money for tanks and airlift capacity, we will find money to help farmers. In my opinion, the food security of this country is the most important issue we have to face in the next generation, including water.

I'm sorry, maybe I've taken my five minutes, but I needed to say this.

● (1125)

The Chair: You took three and a half minutes. You have a minute and a half minute left.

Mr. Paul Steckle: If you want to respond to that, I hope you do. I hope you think about it, at least.

Mr. Ross Ravelli: Communication is always an issue. You can be very good at it, or you can put your head in the sand and ignore it.

I agree with the basis of what you're saying. We need to have discussion. If we ignore the discussion, then we all suffer. So it's about having a venue and an avenue to have those discussions.

From the federal government's side, you need to have it with the provinces, to buy into that as well. You have a role to play as well as the growers. I think you'd be the perfect leaders to do this.

The Chair: Does anyone else want to comment?

Mrs. Linda Allison: Your point is very well taken about the provincial-federal disconnect. We see that in the beef industry in British Columbia. While the feds may put the money on the table, then the province doesn't come up to it. There's a huge disconnect, and I have no idea how to fix it. But it's something that needs to be looked at, that part of one voice for sure.

Mr. Joe Sardinha: Mr. Chairman, I'm going to say that despite certain problem areas like CAIS, the APF has been a real stabilizing force. I think for long-term planning, going more than just one or two years down the road, you need to design national programs and delivery systems for at least a five- to ten-year timeframe.

The interesting thing with CAIS is that I think we could have solved a lot of our problems had we delivered the program here in B. C. Winnipeg has been our huge stumbling point all along. The APF did some very good work in terms of areas of food safety and the environment with rolling out the environmental farm plan program.

But one area that really needs concentration is this whole idea of renewal. It really didn't get a lot of focus in the first APF, but do we create a separate pillar for renewal? I think if you make all the pillars of the APF strong, you make the program strong. If you make the programs responsive, and responsive in such a way that you develop sustainability in agriculture, maybe we'll finally attract the young people that we so desperately need all across this country. In every community where farming is a mainstay, we need to find ways to attract newcomers to the industry, because it's pretty scary when the average age is 58 years.

That's just a bit of a plug; it wasn't in my presentation. But please look at renewal as being extremely important, because the producer base is eroding, and who is going to be the next generation of farmers? Ask yourselves that.

● (1130)

The Chair: Thank you, Mr. Steckle.

I would like to follow up on your talking about what the pillars should be. We've heard this morning a lot of talk around the business risk management side, but if you had to prioritize where government resources should be going, where our concentration and effort should be, based upon the hearings we're having and what came out of the APF consultations in round two, it's all about business risk management. So if you're going to prioritize the pillars, where would that emphasis be? Is it on research? Is it on food safety? Is it the environmental issues? Or is it just in the subsidies in the programs?

That's one question I'm left with, and as a farmer it's something I struggle with. I know in my cow-calf operation the biggest benefit to me has been through research. New animal breeding, the genetics, has created the best economic return. The biggest hurt, though, was BSE. So how do we deal with it? In my personal opinion, it's disaster assistance and heavy investment in research and innovation, but I turn it back to you for some ideas on where you prioritize the pillars.

Ross.

Mr. Ross Ravelli: I'd like to respond, if you don't mind, James.

I look at them and I have a problem when we use the word "pillars". And we have "silos", or we have.... I know it's a way of focusing the issues, but I'm afraid that we get into those "pillars" and we stay there, so everybody who's in that box is in that box and not looking at the one beside him. I think the analogy I used in British Columbia in the first round is that they're not pillars, they're sand dunes. And every sand dune touches another sand dune, whether it's halfway up or.... We have to look at that type of connection, because to separate which is more important, we don't recognize that they all touch and they all have effects and we have to get to that. So smart regulations are an issue. That's what you're looking at. You have to make sure the connection is made; otherwise, they become isolated.

For me, like you, James, I would say business risk management right now is an immediate problem. It's something that's in front of us right now. Science and innovation is the second pillar for me. That's where I see the future and the potential for the long-term sustainability of agriculture. That takes longer to happen, but we have to make sure we have the mechanism, the infrastructure, and the tax incentives to keep this thing going. But that's what has got us here and what's going to keep doing it. That's not to say any of the other ones aren't important, but that sand dune just has to keep going across.

The Chair: Are there any other comments?

Joe.

Mr. Joe Sardinha: Mr. Chairman, we won't discount the importance of BRM, but as I presented this morning, strategic growth is an area on which we could concentrate a lot more. We've seen examples of that already with the funding initiatives for the biofuels. Those area strategic investments in a sector that has had its challenges. This perhaps provides opportunity in that sector—hopefully producer-led opportunity—or producer involvement in the

actual building of the ethanol and biodiesel plan, as real stakeholders.

Strategic growth involves other aspects, such as science and innovation. It's a method of governments partnering with industry to get the industry to the next level. That's why we've often thought of our national replant program initiative as fitting that particular description. It's a partnership; it's not a bailout. It's a way of getting a sector to be globally competitive and remain an integral part of rural Canada, and a contributor to that economy and the overall agricultural economy of Canada.

I think what's lacking here is perhaps that type of focus. We need to direct dollars into...maybe it's infrastructure. In our replant program there is kind of an investment in infrastructure, but if that's what it takes to make an industry viable, then let's look at those kinds of options.

● (1135)

Mrs. Linda Allison: I agree with the fellows that all of the pillars are very intimately linked, and you can't really separate one from the other. The disaster insurance is completely crucial, but I think for the cattle industry, maintaining that landscape that we have there, not caving in to the urban pressures and the environmental concerns is very important for us.

In discussions, we're really looking forward to seeing what comes out of any of these EG&S consultations, or where that process would actually go, and whether that would be a fit and work for us all.

The Chair: I want to thank all of you for your presentations this morning.

We're going to suspend for lunch.

Mr. Gaudet, you have a small question?

[*Translation*]

Mr. Roger Gaudet: At what time are we coming back, Mr. Chair?

[*English*]

The Chair: We'll be back at one o'clock, so we have an hour and a half. Checkout is at twelve, I believe, so check out and bring your luggage back to the room here.

With that, we will adjourn.

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