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Chair

Mr. James Bezan

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• (0905)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order. I want to welcome everybody to Olds. I know that Myron will want to do that, since this is his riding, but I do feel some affinity to Olds College, since I'm a grad of Olds College. So it's good to be back.

I would like to welcome to the table today Leona Dargis, a member of the Canadian Young Farmers' Association. Actually she was at our committee meeting in Ottawa about a month or six weeks ago. From the Western Barley Growers Association, we have Douglas McBain. From Agri-Trend, we have Robert Saik, who is going to speak first. From the Alberta Beef Producers, we have Erik Butters, and we also have the general manager, Rich Smith.

You can join us at the table, if you want, Rich, if you want to help Erik with any of the answers.

So we'll kick this off. Robert says he's in a hurry, so we're going to let him go first. Hopefully you can stick around and answer some questions before you have to rush off to your next meeting.

Mr. Robert Saik (President and Chief Executive Officer, Agri-Trend): Thanks for accommodating me. I've got an 11 o'clock meeting in Calgary, so I appreciate the committee making time for me. Also, I appreciate the opportunity to address the committee on the agricultural policy framework.

As a quick overview, I'm the founder and CEO and president of Agri-Trend Agrology. We're one of Canada's largest independent agronomic consulting firms, and we work in the area of business management, risk management, environmental compliance, and production with farmers. Our mission is to help farmers allocate resources to produce a safe, reliable, and profitable food supply in an environmentally responsible manner. We have a network of independent agents who work together under an umbrella and a business architecture. We work from Vancouver Island all the way to the Ottawa Valley, and from the Yukon right to the U.S. border. We work with vegetable growers, we work with large feedlot operators, we work with Hutterite colonies, we work with mixed farms, and we work with anything in-between. We have eight PhDs and 14 masters' degrees on our roster providing some of the scientific underpinning.

Today I'd like to address the opportunity that exists for the government to utilize a new sector of the economy, the consulting sector, to help deliver the mandate of the agricultural policy framework. I'd like to talk about three things under the APF, and those are the EFP, the NFSP, and the SBPS: the environmental farm

plan, the national farm stewardship program, and specialized business planning services. Those are what I want to talk about.

I believe society is increasingly going to resist red box funding to agriculture, meaning direct subsidies to agriculture. I believe we're increasingly going to see an expansion of green box funding to agriculture, or funding that would provide support in the ecological and environmental areas to farmers.

• (0910)

The Chair: Robert, if I can just interrupt you for a minute, please speak a little slower for our translators.

Mr. Robert Saik: I apologize to the translators and to our francophone members. I speak two languages, English and Ukrainian, but that wouldn't do us much good in Quebec.

Most of that was preamble anyway. We'll get into the meat of the matter right now.

As an independent consulting firm delivering services to farmers, our experience has been that we have been very frustrated with our ability to tap into and to facilitate programming to farmers. I do not believe that either the provincial or the federal government has the resources to deliver these programs en masse to farmers. I believe it's essential for government to look to the private sector as a vehicle for delivering some of these programs. I'll give you three concrete examples in the short time I have with you.

The first is environmental farm plans. Many of the farmers and growers I work with personally are very busy people—and in our organization we work with hundreds of farmers, if not thousands. They have neither the patience nor the time to sit through some of the processes involved in the environmental farm plan.

We had put forward a process whereby we would train our people and qualify them for delivery of environmental farm plans with our clients. We're intimately aware of our clients' operations, and we could facilitate this work in a very pragmatic fashion. Last year we hired a gal from RBC. She joined Agri-Trend, and we put her into training with the Alberta Environmental Farm Plan Company.

We delivered two farm plans to our clients. We had another 26 binders that were going to be delivered to her. At the last minute they changed their mind and pulled the program. That young lady was out of a job, and she subsequently had to take a job with Agricore United. We were out about \$15,000 to \$20,000 in investment and training. Needless to say, I was very upset, because many of the farmers we had targeted for delivery of that program still have not gotten their environmental farm plan numbers, and it's doubtful when they will.

Once you get your environmental farm plan number, you can qualify for national farm stewardship funding under 26 different programs that the government has laid out. The problem is the time lag. This morning I was on a phone call with one of our agri-coaches in Manitoba, Nelson Moorhead, of Hamiota, Manitoba. Nelson has informed me that several of his farm clients have been waiting eight to ten months to get their approval numbers on the projects that would qualify under national farm stewardship funding.

You only have to look outside to know that we deal in a biological business. Farmers cannot proceed with the expenditure of money under their proposed plans until they receive their numbers. If they don't receive their numbers, they can't proceed with the program, because you can't have an invoice that's generated before you receive your approval numbers on the application for national farm stewardship programming. But the program is simply taking too long.

The lag time is unacceptable. Once a farmer has his environmental farm plan number, it shouldn't take that long to go through and figure out whether he qualifies for a GPS guidance on his sprayer, support with nutrient management planning or pesticide planning, or work on manure management changes on his operation. It has just been taking too long.

Right now, we estimate that there are well over \$200,000 worth of plans just in our own organization, waiting for approval. They're all just jammed up and waiting to get through the system.

The last area I'd like to spend time on is specialized business planning services. I have provided for you documentation that will be made available later. I apologize that I didn't have both English and French ready to go.

An example of specialized business planning services is the agriculture policy framework. Last year, in 2006, we began to work with a pilot to deliver specialized business planning services to our clients across Canada. We worked with the Regina office of renewal. We sent them six pilot forms that were accepted under the specialized business planning services. We developed a process that we were going to take the rest of our farm clients through.

• (0915)

We visited Regina several times. Regina had indicated to us that they had briefed the rest of the country on our willingness to take specialized business planning services through to our clients. I asked if we had to fly to Ottawa. They said no, they had briefed everybody. We turned on the switch. Two hundred and fifty farmers began moving through the process. One hundred and fifty applications were prepared and submitted. They began hitting desks across the

country. They began hitting renewal desks across this country, and everything ground to a halt.

Edmonton felt that there weren't enough details. Regina said these were the best they'd ever seen. Ottawa was caught in the middle somewhere, not knowing which way to provide leadership. It was nothing short of a disaster.

We had invested over \$250,000 getting our team ready and programming our systems and providing for that to move forward. Not only did we lose capital, we lost a tremendous amount of face with our clients and throughout our network of agri-coaches.

Right now, I understand those original six applications have indeed been approved for funding under the specialized business planning services. I was in conversation with Ottawa and asked them to please provide us with a template of what they would like us to deliver under specialized business planning services. They told us to refer to appendix C. Well, I know appendix C. Appendix C is ambiguous. It's open to interpretation. I asked for the template, which you will see in the documentation I am still waiting for today.

It's clear to me that there are inconsistencies in the interpretation of these programs across this country. These programs can be very well delivered by the private sector, but there has to be consistency and clarity so we know what to do. Some of the ideas in the agricultural policy framework I have to applaud. I believe that many of the initiatives under the pillars are exactly where this country should be going. I don't think the agricultural policy framework should interfere with the farmers' business. But you know, if society wants to prevent cows from walking in a river or a stream and it wants farmers to fence off that river or stream, and the farmer has to put up a fence or drill a well, it will come with some costs. Farmers are more than willing to do this work, provided they're supported in the work society wants them to do.

As members of a private consulting firm, we stand behind the agricultural policy framework, ready to support it. But I have to say that up to this point in time, our experience has been extremely frustrating and very costly. And I would say that the progress we have made as an organization to help the government move it forward has been very, very poor because of lack of clarity.

The Chair: Thank you. You are right on time as well.

Mr. Butters, you have ten minutes or less.

Mr. Erik Butters (Chairman, Alberta Beef Producers): Thank you very much, Mr. Chairman.

My name is Eric Butters. I ranch with my family about an hour and a half from here, west of Cochrane.

I appreciate the opportunity to visit with you this close to home, and thank you for the opportunity.

We recognize the value of the standing committee in providing input to the rest of government concerning our issues.

I would also like to take this opportunity to thank you for your stance some time ago on the supplemental import permits. It has always been a trade irritant for us. We recognize that we have the negotiated access, with something like 67,000 metric tonnes. That figure had nearly doubled for a number of years, causing us all kinds of grief and aggravating some of our other trading partners.

We have an issue now where we expanded slaughter capacity, as a result of the BSE situation. This highlighted how vulnerable we were with respect to slaughter capacity. Now we have that capacity, but we're running at under 70% utilization rates. So to allow supplementary imports in again would exacerbate this problem even more.

With respect to business risk management, we realize that risk is an inherent part of agriculture, including the cattle industry. We're able to manage a number of risks through diversification, private insurance, and other means. But we acknowledge that government programs play a role in risk management, particularly in exceptional circumstances.

We've just been through and are sort of clawing our way out of the last of the particularly exceptional circumstances with respect to BSE. We believe that normal income fluctuations are the responsibility of producers and that the normal ups and downs in the marketplace are something we accept and realize we have to deal with.

Any program should be as market neutral as possible and thereby minimize the influence on business decisions. Programs should not alter the competitive balance within industry regions or sectors and should allow industry to be driven by clear market signals. Programs must be structured to minimize the risk of foreign trade and should be as transparent and predictable as possible.

So these are the principles that the Alberta Beef Producers and our national affiliate, the Canadian Cattlemen's Association, feel are appropriate for managing these sorts of situations. However, we think a top priority in ag policy should be developing a national disaster program framework, which would be timely, consistent, and assist producers facing major disasters, such as floods, huge droughts, and border closures. The programs should define the disasters to be covered, set out funding parameters, establish governance for the program, and provide as many program details specific to the disasters as possible.

We recognize the improvements to CAIS that have come our way in the last while. There's probably still a ways to go. We don't want CAIS to provide a disincentive to producer risk management, and we don't want it to lead to trade reactions, if it's too far into the red box, as was mentioned earlier today.

With respect to the enhanced feed ban, we support its objectives: to speed the eradication of BSE and to open trade with our international customers. The feed ban, the infrastructure and operational costs associated with the implementation, and the competitive disadvantage that our producers and processors will face with respect to the U.S. industry as a result of the enhanced feed ban—

We welcome the federal and provincial funding that was provided to address these issues. We also applaud the Alberta government for

being one of the first provinces to sign the specified risk material disposal funding program with the federal government. We believe the funding should be directed towards offsetting infrastructure and operating costs for processors and renderers. That appears to be the way it's going.

Regarding trade, in my notes I have what I think you've been provided, in which we talk about the situation with Korea.

● (0920)

The trade implications are far broader than just the Korean situation. We're continually faced with barriers to trade in the form of tariff barriers and non-tariff barriers. We really feel it's important that the federal government do everything it can to reduce trade barriers and allow us access to marketplaces all over the world.

Competitiveness issues. The Canadian beef industry faces tremendous challenges in trying to remain competitive with our counterparts in the U.S. Our producers are challenged by the productivity of feed grains, and I want to talk about that one and highlight that one for a minute. We see, in the U.S. particularly, a continual increase in the yield of corn. There's a huge amount of research, private and public, that goes into corn yields, and we've seen corn just take off. I think they've doubled the yields in the last 12 or 15 years. We have seen no such response in Canada. In western Canada, where barley particularly and to some extent feed wheat are our important feed components for the livestock sector, the yield on barley and feed wheat has just flatlined, and it has been flatlined for the last 20 years.

So our competitors in the States are benefiting from this surge in production, and we're missing out on that. We're fearful that part of that has to do with just basic research, and part of it probably has to do with regulatory burdens and bureaucracy that's slow to allow the implementation of better varieties.

Biofuel policies and incentives are creating a government-supported competitor for acres. We realize that with the technology that exists today, for every three acres or every three bushels of feed wheat that goes into ethanol, one acre or one bushel comes back out as a byproduct that's useful to the livestock sector, particularly the cattle sector. However, that is cold comfort for many of us.

When you think, Mr. Thompson, that if you give me \$3 and I give you \$1 back, and you keep giving me \$3 and I'll keep giving you \$1 back until you get tired of it, that sort of explains how we feel about this thing. We certainly don't want to rain on the parade of the grain sector. The grain sector has struggled for a long time, and I'm surprised they're as vibrant as they still are. So clearly the grain sector needed a boost. But in the long term, we're very fearful of having to compete with the taxpayers to buy inputs for our sector.

Mr. Chairman, I don't know if I've used up my 10 minutes.

Thank you, and I'd be happy to answer questions as things proceed.

• (0925)

The Chair: Thank you, Mr. Butters.

Mr. McBain, for the Western Barley Growers Association, you have 10 minutes.

Mr. Douglas McBain (Past President and Director, Western Barley Growers Association): Thank you, Mr. Chairman.

I'm also a graduate of Olds College. I farm about 40 minutes southwest of here in the foothills of Alberta.

I'd like to thank the committee for taking the time to come on a road trip. I know it's a big job to get organized and get the committee on the road. It certainly makes our job easier coming here to talk to you rather than having to go to Ottawa to speak to you. Again, I appreciate your time and effort in being here today.

On behalf of the Western Barley Growers, I thank you for the invitation to speak to you today under the ag policy framework.

Of the five pillars of the ag policy framework, business risk management is certainly the major pillar that has had the most attention. This is what the Western Barley Growers have spent the majority of our time addressing. On the other four pillars, I'll make the same comments that I did in 2003 when we appeared before the standing committee, and that is, the other four were significantly underfunded to the point where some of them had no impact whatsoever.

The Western Barley Growers Association has used the private sector risk management partnerships program under the APF for a very successful program that we've been working on, which is the ag commodity clearing house. We'd like to see that the PSRMP program continue, as it has worked very well for us and we have seen significant benefits from that program. It has provided stable funding for the development of private sector risk management tools in a number of areas, and we encourage the committee to continue this program under APF2.

We've done a lot of work in developing the first CAIS program and how it came together as the combination of NISA and CPIP programs. We'd like to see CAIS remain as a whole farm margin-based program that is used in low-price, low-production years. We'd like to see it remain as a needs-based program rather than an entitlement.

CAIS has worked for my farm. The first time was probably when my otherwise inaccessible NISA account was accessed because of the change to the CAIS program. I may be fortunate in that I had high margin years that provided the payment base for the drought years. The change that would result in the program reverting back to a NISA-type program would change it to an entitlement program rather than needs-based.

The problem in grain farming is the dependence on the Canadian Wheat Board for marketing. Grain producers who rely on the Wheat Board to market their grain are in a very disadvantaged position. The CWB has refused to accept all grain that producers have offered to

the board for marketing in the past three years. This has had a disastrous affect on the CAIS calculation. When there is at best a 10% margin in grain farming, and more likely zero or less, then the last few tonnes sold represent the margin. When the Wheat Board refuses up to 50% of the contracted bushels, as in the case of durum, this distorts the CAIS program payments. Farmers are left with no cash and no CAIS payment. They could not sell their grain, but the inventory was counted as a receivable and valued at the PRO, so there would be no CAIS payment. The program is blamed for not being responsive to farmers needs, but it is CWB mismanagement and refusal to follow one of the few actual requirements under the CWB Act.

To comment on Eric's public funding for R and D, this has virtually dried up completely as far as public money going into variety research for western grain and oil seed commodities. It's been shifted completely to the private sector, which may have some advantages, but there are certainly disadvantages in the long run.

I look forward to any questions or comments you have.

• (0930)

The Chair: Thank you, Mr. McBain.

Ms. Dargis, please.

Ms. Leona Dargis (Member, Canadian Young Farmers' Association): Thank you very much, Mr. Chairman. I am delighted to be here this morning presenting in front of you and having the opportunity to discuss the questions that will arise in the next hour or so.

I'll give you a little bit of background. I am from northeastern Alberta, north of St. Paul, from a mixed farm. We have a 4,000-head feedlot and 6,000—last year we seeded 7,000—acres of crop. I work with my four younger sisters, and we pretty much run the farm. In a few weeks' time, I'll be going back home to run the tractor 24/7.

As far as my educational background goes, I have been a student here at Olds College for the past four years. Actually, at the end of this month, I will be happy to complete my applied agriculture business degree. The applied degree gave me the opportunity for the last 10 months or so to work with Meyers Norris Penny, which is an accounting business advisory group, and with that, to be involved in the ag sector and take the initiative to find out how many of our clients did apply for the Canadian farm family options program or were eligible to apply. As I said in Ottawa, having 120 applicants who collected over \$1 million, and 85% of them didn't know about it, kind of puts the whole education and knowing about the utilization of these programs behind.

Some of the other industry involvement I have and am currently involved in is the Agriculture and Food Council. I guess I am sitting here in front of you today representing the Canadian Young Farmers, where I was recently elected a member-at-large.

When we think about different problems or issues we face in the industry as young farmers, the number one thing, of course, is how we get into the farm. How do we do the farm transition? What it comes down to is cash. We don't have the cashflow. To transition those assets on our side is our number one biggest problem, because of industry constraints and the fluctuations in markets today—just the main challenges.

I do appreciate and very much recognize the importance and the potential impact that a lot of these government programs can have on any farmer. The farm family options program is a wonderful program. The CASS program—the Canadian agricultural skills service program—is a wonderful program. The only challenge is that the farmers don't know. And it's not like they don't have time to know. It's up to them to step up and say, “Hey”.

I very much agree with Mr. Robert Saik's comments on the process with the environmental farm plan. I've done it for numerous clients of Meyers Norris Penny as well as for our own personal farm. The process is very timely. We're very willing to pay, willing to put up the money, willing to do the additional record keeping. As young farmers, we definitely realize that management, running your farm as a business, is becoming of increasingly important value to your farm. It's not just producing a commodity anymore, and the more you produce the more you make. It's the exact opposite. It's how efficient you can be and the people you know and the connections you're able to make.

I'd just like to reiterate what I said in Ottawa. I think one of the most important things we can work on is making partnerships between the government and Agri-Trends and Meyers Norris Penny, because we have the access, we have the connection to all the producers located Canada-wide. I think it's partnership that can definitely add value and add awareness and education to these programs.

I'm definitely looking forward to seeing what this APF2 is going to bring us in the next few years.

• (0935)

As a young farmer I am very excited. We're definitely trying to be as innovative and efficient as we can. It's our passion to produce food for the world and be involved with different commodity groups and whatnot.

I look forward to spending the next time with you.

Thanks very much.

The Chair: Thank you.

Yesterday we made the decision to stick with five-minute questioning rounds. If everybody is okay with that we'll stick to it, especially in light of having only hour-and-a-half sessions at a time.

Mr. Easter, you have the first five minutes.

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

Everyone appreciates your coming out to outline your point of view.

It's good to be in your riding, Myron. We want to see you down in P.E.I. some time.

The proposal by Robert of Agri-Trend talks about the difficulty of getting results on the ground in a timely fashion while trying to deal with the bureaucracy at various levels. Whether it's in Ottawa, Regina, or Edmonton, it doesn't matter. It's the same with the CAIS program. One of the problems with the CAIS program is the complexity of it. Doug said it worked for him, and it does work some. It works reasonably well in the potato industry in our province. But a lot of it comes down to different accountants doing the applications too. It's overly cumbersome.

What has to be done to overcome that, Robert, or anyone else for that matter? Politically we will have some ideas on programming—some good, some bad—but getting the results out the other end sometimes seems possible.

On the disaster assistance you mentioned, Doug, the disaster program, can people be a little more specific on that? Disaster includes drought and flood, but do you see disaster including issues like avian influenza, potato wart in potatoes, and border issues with the United States or others as a result of BSE? Just how far do you go with disaster assistance, and should the lion's share of disaster assistance be funded by the federal government at 90%?

Mr. Robert Saik: Thank you.

It's good to see you again, Honourable Easter.

You have two questions. I'll address the first one and let my colleagues address the second one.

How can we make it workable and simple? I have a concrete example in my hand—a specialized business plan we provided to the renewal offices. One office says it's the best it has seen and the other rejects the plan. I go to Ottawa and say, “Give me a template of what you want to deliver and I'll deliver.” They tell me to go to appendix C, but appendix C is ambiguous.

If you're going to come out with a program, make it consistent across the country. Do you know that there are specialized business plans out there that were rejected because of spelling mistakes? When did these officers become grammatical coaches? I don't understand this process.

For my two bits about this, it's about consistency. Show us what you want us to deliver and the industry will respond by building the necessary components. We have an amazing online data system, as does MNP and many of the other firms in Canada. We just have to be shown what they want and we will respond and deliver it, but don't change the rules halfway through. One of the real frustrations right now is that the offices do not have similar criteria—and they can reject it. There's nobody else to go to. It's like they are God. If they reject it, you're done, period. That's a problem.

Thanks.

• (0940)

The Chair: Does anybody else want to comment?

Mr. Erik Butters: On the disaster insurance part of it, for the cattle sector, border closures would be right up there. We saw what happened when we lost access to the U.S. border and other markets in 2003, when fat cattle dropped from \$1.10 to 28¢. That's not something that's insurable in the open marketplace.

Other risks are insurable or coverable in the marketplace, and we think maybe government's involvement there could be less. But things that are absolutely outside the control of the producer are the ones that should be covered under the disaster part.

Hon. Wayne Easter: To avoid the federal-provincial quagmire, which always becomes a problem, should issues related to acts of mother nature or international consequence be the definition for what the federal government is responsible for with disaster assistance? You get into this 60-40, 90-10, 70-30 or whatever, and you're a year into it before you get a payout—like the discussions we're seeing now on the savings accounts.

What should the criteria be for what the federal government is ultimately responsible for? Personally, I believe it should be the federal government if it's an international incident such as BSE, or acts of nature.

Mr. Erik Butters: I agree with you about the quagmire part; it delays things.

It's a bit difficult for me to suggest whether a major drought should be 60-40 or 90-10. I don't know. Living in Alberta perhaps colours my vision a bit, because this province can afford the 40% more readily than some of the other provinces. But I agree that it's something that should be nailed down ahead of time so that people understand the rules and so we can avoid this dragging out for years in terms of acting on some of these things.

The Chair: Thank you, Mr. Easter.

Mr. Douglas McBain: I'd like to respond.

The Chair: Very quickly. He's out of time.

Mr. Douglas McBain: On the specific question of disaster systems, we had originally proposed that CAIS would cover the negative margin up to 75%. Your question about whether the government should cover specific cases over individual causes gets into a huge bureaucratic problem. And then you get problems with delivering the program. Who's going to decide what an individual cause is and who's going to decide what a national cause is?

Those are considerations we discussed when we developed the first program: how you can make it simple for government to administer. The more complex it gets, the slower it gets, and the less money that actually gets to farmers.

That's why we had recommended a broad spectrum of coverage that is based on each individual's farm program. That way, if it is national, everybody has the same problem but it's covered on an individual basis. An individual case could be just as disastrous but would not be covered under a national program. That's why we maintain that we keep it an individual whole farm margin-based program where everyone gets the same coverage. It's not ad hoc: Is

this a disaster? Is it local, regional, national? Those are the problems you get into.

• (0945)

[*Translation*]

The Chair: Mr. Gaudet, you have five minutes.

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

I see a young lady here, Ms. Dargis. The next generation is for me quite important. I should like to know what you are expecting from the government with regard to the next generation. Do you believe that the government has too many programs? What is the solution to that situation? With regard to the next generation and the transfer of farms, is the government really helping you? Tell me what you think.

[*English*]

Ms. Leona Dargis: Does anybody else want to comment? I need clarification on exactly what he said.

Mr. Erik Butters: He asked about the best ways to help out young farmers, transfer of farms, how to support young farmers and that sort of thing.

Ms. Leona Dargis: For example, last Saturday I organized the Alberta Young Farmers' Forum at our annual general meeting, so I think it's definitely having that connection or that association of young farmers together. Last year we had 12 members and this year we have 50 members, so we're definitely hoping to continue that. If every province has a young farmers' association connected to the Canadian Young Farmers', then we can have \$8,000 to spend on a yearly basis. I spent half of that just trying to get our AGM right now, but I think we could definitely take it a step further and spend twice that money trying to get three times the people and get a higher calibre of speakers, who can really offer critical information to the farms, to go through the steps of succession planning.

This weekend we had Mr. Reg Shandro, who works with Meyers Norris Penny, and he does his own consulting. He does the presentation for FCC on succession planning and whatnot, so the information he gave us in the hour was wonderful, but we need the full day to learn and to be there with our parents and to recognize the important issues that need to be brought up. A lot of it does get personal. Our family has five daughters, so if some of my sisters don't want to farm, is it fair—? Essentially, of course, it's up to my parents to make that decision. As the eldest, I'm very involved and passionate about the agriculture industry. What role do I have? Of course, I'm always going to keep that farm connection, but I think the best way is to provide opportunities for us young farmers to get together to learn, to ask the hard questions, and to make things happen. That's really what it comes down to. I think another benefit of our being together is that we'll share experiences and we'll think of new ways to approach and talk to our parents. That's the best way to approach that.

Again, do farmers have time or do they have the money to come or to pay? That's another challenge. On Saturday, I charged \$30 for them to come because I wasn't out to break even; I had that \$8,000 I could have spent.

Would you like further—?

[Translation]

Mr. Roger Gaudet: I should like to get some details on what you, the next generation, would like the government to do to help you when parents transfer their farm to you so that everything goes smoothly, and you don't have to start from scratch. Should we remove the capital gain tax or change it? I don't know. I should like to hear your views in order to suggest them to the government.

• (0950)

[English]

Ms. Leona Dargis: Again, it goes back to the fact that every farm is individual. For us to treat every farm as individual is very timely and very costly. Having educational programs like the CAIS program helps support farm kids to get an education and get that network. I think that's important, but as far as capital costs and whatnot, it would be wonderful.

[Translation]

Mr. Roger Gaudet: That's it. You have four sisters. Let us suppose that two of them and you decide to become farmers. I am wondering about transfer so that your parents may continue to live while leaving their farm as an inheritance to your other sisters. I should like to know what you expect from the government. Not necessarily in terms of getting money, but perhaps in giving you some help in terms of capital gain tax and so on.

[English]

Ms. Leona Dargis: Yes. I definitely think there's a need for that, and we can definitely work together and try to do that. I know our farm has done well, and we're not facing as hard times as the majority of farmers. We can transfer. It's the other farmers that—It's the whole oil field.

The Chair: Do you have a quick response?

Your time is up, Monsieur Gaudet.

Mr. Robert Saik: Part of what needs to happen, I believe, is that we need to convince farmers that succession planning is a process and not an event. Too many people treat it as if one day they're going to wake up and they're going to make this dramatic change.

Years ago, there was a young farmer program that I took advantage of when I was 14 years old, and I started farming. That was a way for me to get started in agriculture. I don't know if that program exists, but at that time it was useful for me as a younger person.

The Chair: *Merci beaucoup.*

Mr. Miller, the floor is yours for the next five minutes.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you, Mr. Chairman, and thank you very much for coming here, ladies and gentlemen.

To you, Leona, I appreciate the efforts you're putting in for the young farmers of Canada. I think it's very, very important for the long-term viability of agriculture.

I have one question, and I don't want you to answer right away but think about it a bit. What is the one single best or biggest thing that government could do to help not only attract people to agriculture but to keep them there by keeping it viable?

I have three sons who aren't going to farm. They're not going to take over the farm, and that's fine. They're working. You see a lot more of that.

To the two other gentlemen—Eric, you made one comment that had to do with—and I missed a bit of what you had said and I'd like to hear what you mean by it—producer disincentives to business risk management. Could you comment a little bit on that?

There's another thing I'd like maybe all of you to comment on, which came up in our meetings yesterday in British Columbia and has come up before, about country of origin, truth in labelling, this kind of thing. There are mixed feelings, I think, in different commodity groups on whether we should do it or not. I've always, personally, as a beef producer, been a supporter of it. We haven't always had that unified approach. So I'd like to hear some comments on that.

Also, on the biofuels area, which you touched on, I think one thing that society out there today wants, generally, is that we, not just as farmers but as governments, as politicians, have to do something with the environment. We can't change that. That's what is expected today. So while there will be obstacles such as rising feed costs in the livestock industry, we have to find ways to cope with them.

You know, it's like an alcoholic. The first thing is admitting that there's a problem. We have a problem there. That will be one of the negative sides to the biofuel industry. We have to learn to cope, as industry and as government, to deal with that.

So I'll turn it back and we'll hear your comments to those questions.

The Chair: Mr. Butters.

• (0955)

Mr. Erik Butters: Thank you, Mr. Miller.

With respect to the disincentive thing, there are aspects of the CAIS program, particularly as it originally was trotted out, that did convey disincentives to some risk management. The CAIS program in some cases would work better in times of high volatility, and people could potentially manipulate their affairs in order to attract that sort of volatility. So I think the CAIS program needs to be reviewed, and is being reviewed, in an effort to take that out.

With respect to the biofuels, I agree with you that the whole focus on the environment is a big thing now with most Canadians. With respect to biofuels, however, most of us in our sector don't see this as solving a lot of environmental problems. It is grasped onto as being a green thing, but I'm not so sure it's going to deliver the environmental goods that some of the promoters expect it to. I think we should avoid this sort of lemming scenario where we all run off the same cliff at the same time, and really be thoughtful about what we can do to be pro-environment without creating more grief than we're going to solve.

I'm sorry, what was the middle issue, the second issue you brought up?

Mr. Larry Miller: It had to do with country of origin and truth in labelling.

Mr. Erik Butters: Yes, country-of-origin labelling is something our sector has been quite worried about. I again emphasize that we live and die by international trade. We originally saw, and I guess to some extent we still see, country-of-origin labelling as essentially a non-tariff trade barrier that will complicate it and make it more difficult for us to sell beef in the American marketplace.

It's kind of bizarre because the Americans have been very cranky for a long time about our bluetongue and anaplasmosis policies. We're working our way through that.

At the same time, if they implement country-of-origin labelling, it would restrict our ability to buy American feeders, bring them up here, feed them, and sell them back to the States either as live cattle or as beef. It's kind of a bizarre thing on their side of the border.

As it was originally worded or intended in the first rendition, they would have to segregate Canadian products from American products. It's where the catch is for us, because we're fearful that a lot of supermarkets would not want to have two different coolers, one for Canadian beef and one for American beef. It's where some of the grief can happen.

Of course, it doesn't apply to food service, at least in the original rendition. We would still be able to sell steaks or even hamburger to steakhouses or hamburger joints in the States without having these country-of-origin labelling issues.

We were really focusing on that when BSE hit. Our focus was then on BSE rather than country-of-origin labelling.

I mean, if it comes, it comes. It looks like it's going to come. The Democrats seem to be pushing it, and we're doing the best we can to be prepared for it.

The Chair: Does anybody else have a comment?

Mr. McBain.

Mr. Douglas McBain: I have a comment on the disincentive.

Part of the problem that we recognized in the CAIS program was when we went to 100% coverage. If you make the CAIS program too rich, it's a disincentive to take out crop insurance. We want to avoid the conflict of CAIS versus crop insurance. We want to encourage the farmer's individual use of crop insurance to cover his own risks and not to depend on the CAIS program for weather-related risk.

Mr. Larry Miller: Should crop insurance be mandatory?

Mr. Douglas McBain: No.

Mr. Larry Miller: Okay.

Mr. Douglas McBain: But you don't want to make the two programs competitive.

The Chair: Ms. Dargis, do you want to comment?

Ms. Leona Dargis: After getting my page and a half written down, I think the single most important thing we can do to attract young farmers to our industry, to farming, and to being producers is through the media.

All we see are the negatives and BSE. There's a very negative feel out there about farming and whatnot. The University of Alberta prints a bandanna that says "Without us you'd be naked, starving, hungry, and homeless".

Mr. Larry Miller: Do you mean educating the urban group?

Ms. Leona Dargis: Yes.

Mr. Larry Miller: Okay.

The Chair: Let her answer the question.

Ms. Leona Dargis: Yes, we've discussed it numerous times. How can we make agriculture look sexy? How can we tell people that it is a wonderful industry to be in? Of course, as farm kids, we were raised to take pride in watching the canola field bloom in spring. Harvest time is one of the most amazing times of the year, as well as seeding.

But as far as the other group, the urban group, I definitely see it as the next generation or the younger generation. We want to be our own bosses. We want to be entrepreneurial. We want to take risks, make mistakes, make our own decisions, and whatnot. We need to let them know that being involved in the agriculture industry is evolutionary and full of change. There are tons of opportunities to climb up the ladder and be managers.

I think one of the most important things is to get that education out there, as well as to provide funding and support to the Canadian Young Farmers, for example. We have the connections and we have the resources. We know what we want to learn and we know who we can get it from. If you give us the funding, we'll make it happen.

● (1000)

The Chair: Thank you. I want to follow up on what Mr. Miller was just talking about with the country-of-origin labelling. I'm a cow producer myself, and I'm pretty confident in the product I produce and that this country, on average, produces. We produce a high-quality product that can win anywhere in the world. So if we're labelling at home or if we're identified as Canadian abroad, I think it's a positive thing, whether it's beef or pork or any of our other agricultural commodities.

My concern is the cost. There is, as you said, the segregation at the counter and the confusion it may create with some consumers. I don't believe that consumers anywhere in North America, including Canada or the U.S., are that dedicated or that patriotic that they're going to buy their own country-of-origin—If that was the case, New Zealand lamb wouldn't exist in the United States or Canada. If that was the case, we wouldn't be buying French wines or German cars or Japanese electronics.

So that's my concern. We might go through the whole effort, increase the costs—it's going to be passed back to the producer—and not see necessarily a gain of market share because of it.

Anyway, Mr. Atamanenko, for five minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much for being here. I'd like to talk about the whole topic of biofuels, but before we get into that, Mr. McBain touched on an issue that I wasn't going to talk about or bring up.

For the record, you talked about the Wheat Board and mismanagement. I'd just like you to clarify for the record, for all those thousands of farmers who support the Wheat Board and who are worried about the future and the future of agriculture in Canada, what you mean by that.

The Chair: I will just interject. We are talking about the APF. It has to relate to the APF.

Mr. Alex Atamanenko: Well, that's what I thought too, but it was brought up. I think we should get it clarified.

The Chair: He related it to the APF and to the GRIP and CAIS programs, so he has to be specific to that.

Mr. Alex Atamanenko: Yes.

Mr. Douglas McBain: The specific subsection I think is 32(1), that the Wheat Board is required to market all grain offered to it. They have failed to do that, and they have not been called to account for that. That is the effect on the CAIS program relating to that specific part of the act. If they're not going to do that, how are farmers supposed to remain profitable?

So it's a policy decision by the board not to do that, and they have openly made statements that they had intentionally withheld grain from the market because they felt the market was not appropriate to sell into. That's not their mandate. The requirement is to sell all the grain offered to it. It's a farmer's-only choice.

So when you come out with a program to address risk management and market shortfalls on an individual basis, how can you have the two and not be competing? You have a program to address income shortfalls, but they're not allowed to use it because we're dependent on the Wheat Board to market our product and they refuse to do it.

Mr. Alex Atamanenko: Thank you for your clarification.

On biofuels, this morning I read in the newspaper that there's going to be probably the biggest plant in North America here in Innisfail, which will have a production capacity to crush canola... also ethanol and biodiesel.

From the perspective of all of you folks, what are the implications—the positives, the negatives—for food production, the cost of feed?

What specific direction should the government be going in? The government has said it's supporting the biofuel industry. Is it an advantage to the farmers? Would that have a positive effect on young farmers as they go into this profession on the family farms?

We know that corn, for example, is not the most effective way of producing biofuel. I think the ratio is something like 1, 1.5, whereas for cellulose and switchgrass there's a 14:1 ratio. It's a lot more effective as far as input and output are concerned. Are we going in the right direction? Does it fit in with our food security or is it going to damage the food supply?

These are all the big questions that I think all of us are thinking about. In the time remaining, I'd just like to get some comments from each one of you on that.

● (1005)

Mr. Douglas McBain: As far as this plant is concerned, a 100-million-gallon or 400-million-litre ethanol plant will require one million tonnes of cereal grain. Last year we had a 10-million-tonne wheat carry-out in this country, most of it low quality or low grade, not food-grade quality, but a huge amount that keeps a cap on high-quality grain, because we have a huge carry-out.

I see it as using up not even a significant amount of this excess production. So ethanol and biofuels will always be a consumer of excess capacity.

The Chair: Is there anybody else?

Mr. Butters.

Mr. Erik Butters: I agree with what I heard you say about the cellulosic thing. It's probably the way we need to go long term, but the technology is not clear yet, and we're not sure whether it's one year or forty years out for that. Brazil produces ethanol from sugar cane with an 8:1 energy ratio. Close to the 1:1 that we see with corn or wheat looks a little inefficient compared to that.

My concern—and the concern of most cattle producers in Alberta—has to do with having to compete with a steady stream of government dollars. I want to emphasize that I don't want to rain on the grain farmers' parade, because they have needed a break for a long time, but I want to talk about the long term. If the livestock sectors have to compete with government dollars long term, it's going to put them at a disadvantage, and we'll trade one value-added industry for another value-added industry, which, as we discussed before, has perhaps questionable environmental benefits.

The Chair: Ms. Dargis.

Ms. Leona Dargis: Your last comment, Erik, got me thinking about the opportunity we can have in Canada for biofuels. For example, on our farm, the next step in what we have been looking at is biofuels. My father attended the Canadian conference, and he also went down to San Antonio to go to the international conference. He was just blown away by the Americans and by what they are doing in their process in this whole industry.

For us, starting to look into this, we've looked at applying for ACAA funding and whatnot, but really it wasn't worth our time. When I was talking to other agriculture and food council members, there was a fellow that said it right on the button. He said the ones that are going to be having these plants won't be waiting on federal funding. They're just going to go out there and do it, because they'd rather have the investment interest to go ahead with it, and they'll make it happen. I can definitely agree with that, because on our farm, we just make things happen no matter what. We aren't reliant on the government for funding.

Where I think the government can play a greater role is on the regulation side of things, and in letting science and innovation play a big role in helping the research get done, and in providing that research to the public. If the research is done, that's all great and dandy, but I've heard that in some instances they weren't able to go ahead in the marketplace in Canada because of regulation restrictions, so they went down to the States. The States was able to capitalize on this new chemical or variety of seed or what have you.

As far as the young generation goes, with biodiesel, I would definitely return to the farm full-time if I were able to manage or have the opportunity to manage our own biodiesel plant. Of course, the effects of that would be to make the community viable because we would be supporting the commodity markets or the commodity, buying canola from our neighbours and having that by-product fed on the farm, and finding out what that seed value is. There are a lot of livestock-intensive feedlots around our place, so that would make us work.

I've heard a few comments about the one coming up in Innisfail and how this one fellow didn't think it was going to fly because there's no support such as there is in the livestock industry, where the by-products are going to go. The input cost in either drying it down or trucking it to the accessible markets is going to increase your input costs like crazy, and how can you compete with that?

The one comment I wanted to make on Erik's last comment was that tons of discussions go on about how we can go international. I think we should be looking at providing for ourselves and making a local market for it first, and then an interprovincial market for it and supporting that, and then maybe growing bigger and better. I think we need to take a step back, because for us, we would be looking at local markets, and that's where I think it really needs to start. I've given you a few different thoughts all over the place.

I guess you might think I'm French because I talk with my hands.

● (1010)

The Chair: Thank you, Mr. Atamanenko.

I just have a follow-up question for Mr. Butters. If we ended the ethanol biofuels program here in Canada, do you think it would change the price of barley?

Mr. Erik Butters: No. The price of any grain is an international thing, and the situation in the States rises all ships.

The Chair: Essentially, the U.S. ethanol program, especially since they have drafted 20% content by 2018, is going to have a greater impact on grain prices than anything we do here in Canada.

Mr. Erik Butters: I'm sorry to say that I agree with you. I think what goes on in the States—I mean, they're saving so much money on their corn subsidies, they funnel that subsidy money into ethanol production. It's an easier deal for them. And of course, being importers of foreign oil, a situation we don't have in Canada, it's easier for them. So it's a political win-win-win thing in the U.S. I think our industry is gearing up for higher feed grain costs for the foreseeable future.

The Chair: We'll go to Mr. Hubbard.

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

The further we go and the more we hear as we look for solutions, the more problems we seem to get as we cross the country each time.

Robert has left, but it seems, Mr. Chair, that many of these programs are so complicated, with both levels of government involved with them, that there must be a great amount of frustration at the farm level in terms of where to go, who can give answers, and how long it is before the solution or the reply comes as to whether or not the projects are feasible. It's rather disconcerting. Maybe we should make suggestions to better define what area of agriculture each level of government should be dealing with. In terms of disaster, we've talked already about crop insurance. We talked about infrastructure yesterday as being federal involvement and about what the provinces should do.

When we look at the so-called payments from different levels of government, it's rather disconcerting that without those payments, most provinces and most agricultural sectors would be in debt. Certain writers and a lot of the evidence that comes says that if these payments weren't out there—it would also reflect, from what Stats Canada tells us, that the bigger the operation, the bigger the debt.

If you look at what J.D., our researcher, put before us, farms grossing incomes of something like \$250,000 and more take nearly 58% of the payments that come from the different levels of government. How are we going to make suggestions to do all of that?

Eric, I want to go back to what you asked about in terms of the surge in production. When you suggest to our committee that we should attempt to make a surge in production with corn and grains, are the margins there, or are there simply other groups taking more out of the system to promote their own businesses?

You can apply more fertilizers for bigger gains. You can pay more to the seed companies to get better seed. But are the margins there if we increase production? Have you or your group made any studies on that to see who's going to benefit from a surge in production?

● (1015)

Mr. Erik Butters: Thank you, Mr. Hubbard.

In terms of who would benefit, it's clear, and I think we touched on it just a few seconds ago when we were talking about expecting higher feed grain costs for the foreseeable future. What that tells me is that we need more feed grains. The Americans have done a very good job of figuring out how to grow more feed grains, and they do that. We have not done that in Canada. We have this flat line, in terms of production, in our grain sector. And we've seen pure research and applied research funding from governments, at all levels, drop off drastically, to almost being eliminated.

We can't create any more acres in Canada, or in North America for that matter. We can fiddle with which crops draw which acres, but we can't create more acres. What we need to do, facing increased marketing opportunities—be it export, be it feed grains, be it biofuel—is produce more from the same land base we have. There's clearly an opportunity to do that if we have better varieties.

In the barley research—and, again, really, this is Doug's domain more than mine—it's my understanding that most of the research has been directed toward malt varieties and very little has been towards feed varieties, which I guess implies that we like to drink beer more than we like to eat barley products.

One of the things we can do is direct more research to get better yielding varieties to produce more product from the same acreage.

Hon. Charles Hubbard: But can we make more money? That's what I'm asking. In terms of what Doug was saying about his barley, when you increase production/supply, demand has to be there and sales have to be there, but is there more profit?

There has to be some concern that apparently the bigger the farm the more money will be needed from the government. Do you accept the premise that Statistics Canada seems to present: the bigger the farm, the more payments you need?

Mr. Erik Butters: If that's the truth, I'm very sorry to hear that.

The Beef Information Centre arm of the Canadian Cattlemen's Association has done consumer research. Consumers are starting to say they've done enough direct subsidization, putting this money in. I think we need to find ways that young farmers and middle-aged farmers and old farmers can all make money in the marketplace.

And it appears to me that there is a marketplace. It will be very interesting to hear what Doug has to say about it, but it appears that there's an opportunity to make some money. Of course, in agriculture we have done what we always do: we respond to that challenge. I'm given to understand that you can't buy a John Deere combine for delivery before next November. We've seen the price of urea driven through the roof. We're starting to drive up the factors of production in chasing the opportunity to make more money in the grain sector. But they're doing that in view of making some money, surely not in the view of losing money.

I think there are opportunities, and we should be able to address them in every way that is open to us. I'm absolutely convinced that better research in yield and varieties of feed grains is one of those ways.

The Chair: Doug McBain, a short response.

Mr. Douglas McBain: I have a couple of things. You mentioned the frustration with the complexity and delivery of the program.

Unfortunately, that comes with the program. If you want a simple program you make a flat acreage payment or per head payment or whatever. That's the simplest delivery program. But it's also the easiest to be capitalized. It loses its benefit but continues to be an expense for the government. That's why we've never recognized that as a recourse. You have to find the balance between fairness, equality, and complexity, and that's what we're all struggling with.

As far as the research, Eric is absolutely right. Most barley research is on malt, essentially provided by the malting and brewing companies. Government and public spending has almost completely disappeared as far as feed barley research, and it is continuing to drop. We're hearing more reports that they're trying to get out of it completely. This is a concern for us, as barley growers.

Your question goes to efficiency and productivity. Do we get more by producing more, or are we better off with what we have and doing a better job of it? That's an ongoing question. As long as it translates into efficiency, the more productive you are then the more per acre you can produce and the better off the whole sector, the whole value chain, should be. We're the fundamental building block of the rest of the value chain. The more efficient and productive we are the more it creates opportunities for everybody else, whether it's the biofuel, the cattle-feeding fractionation, or whatever.

But it's the drop in public research money and fundamental support for that type of policy that is our concern. We see it dropping and continuing to drop.

● (1020)

The Chair: Thank you, Mr. Hubbard.

Mr. Thompson, we're glad to be in your neck of the woods. We were all expecting you to take us out for supper last night, but we couldn't find you.

Mr. Myron Thompson (Wild Rose, CPC): If the farmers got as much money for their product as the restaurants get for theirs, they wouldn't be sitting here today. And I can't afford it; I know how you guys eat.

I want to welcome all of you to my riding. Thanks for coming out.

I'll take Wayne up on his offer one of these days to go to P.E.I., because when I was in farming, potatoes were our major cash crop, so I know a little bit about that one. But I also know that during those years, the last thing we had to worry about was interference from government.

I hear the question a lot of times, "What can the government do for you?" When they used to ask us that question, when I was young and my Dad was there, he'd say, "Get in your car and go home. Go away. Leave us alone. Let us do our job, our business." And I think there might be some merit to that.

That's why, although my farming experience in ranching, with cattle and grain growing—we had all of that—was in the States, I saw so much commonality when I came here, in the sense that I found it difficult to understand why a person had to go through certain loopholes in order to sell his own product. I couldn't believe it. That didn't sound right. I never had to do that. I used to load up a truckload of barley—it was malt—and I would go into the brewery and they'd test it. If it was good, they would buy it at a good price, and if they wouldn't, then we would go to the feed mill and grind it up with some oats and some sorghum and have feed for our cattle in the fattening pens. It was all so simple.

It seems now what we have as the biggest problem that I can see is the complication of all of this. The bureaucrats must work overtime to complicate things.

When I went to the meeting with the CAIS people, they were going to illustrate to the ranchers and the farmers in this area how to go about applying for the program. I think there were 39 people in the operation of the CAIS applications across Alberta and Saskatchewan, for sure, and it could have been into Manitoba. There were five of them who came to present to us how you do this.

I have six years of university—I'm not really too stupid—and a lot of it was with business and accounting. I hadn't the vaguest idea of what they were even talking about, how you'd go about applying for help under the CAIS program, and all of us felt that way. But in fact, I don't think they were even too sure about what they were presenting.

I don't know why governments and bureaucracies allow things to work overtime to make things so doggone complicated, to the point where it takes forever if you're ever going to get any help. So we really need something to simplify it. That's my opinion.

We also need to educate the people in the cities a lot better about what this industry is.

I've been in Ottawa 13 years. I don't think I've ever seen agriculture at the very top of priorities, yet it should be very high, if not at the top, because it's so important to this country. And if we can't see that, then we really need to educate people so they can.

It troubles me when a segment of our country, the western farmers, are affected by the Wheat Board, but the people who represent Metropolitan Toronto and those kinds of areas have a big voice in whether we have to go through the Wheat Board or not. I never could understand that. It didn't quite gel with me.

I understand Alex is saying thousands of people support the Wheat Board. You know, I've been in Wild Rose riding for 13 years. I've found three, so far, who do, of the thousands. The rest don't. It's pretty obvious to me that the ones I talk to—and there are tons of them—don't. So I don't understand why the farmers can't have a stronger voice.

But getting down to the brass tacks, I'd like to ask two questions. Robert, maybe you could help me on one of them, or Erik.

Corn dumping has been a problem, I think, for quite a while. Am I accurate in saying that, and if so, are you aware of any actions on the part of the government to deal with that?

And secondly, to the newcomers into farming, the young farmers, are the young farmers today getting well trained in the marketing of products as well as the other things associated with farming? I'm just curious about that.

• (1025)

A lot of that was my own comments. It's how I feel, my gut feeling that less government is better, more people control is stronger. You can take that for whatever it's worth. That's based on my experience when I was in the business years ago. I'm concerned about the corn dumping and the—

The Chair: We have only a few minutes left before we—

Mr. Myron Thompson: It's my riding. I get an extra two.

Mr. Erik Butters: I'll be very brief, Myron.

On your comments about the involvement of government, clearly in the cattle sector the issues for us are competitiveness, market access, and regulatory burden. Those three things are critical for us. We also tend not to like a whole lot of government, but government does have a role to play in terms of foreign markets, maintaining markets.

I think that leads to your corn dumping thing again. That's not really my bailiwick because I'm in the cattle business more than the grain business—I'm not in the grain business at all—but I was somewhat gratified to see the federal government take on the U.S., I think by way of the WTO, if I'm not mistaken. I think they did a WTO challenge on the corn dumping.

What we think we've seen from the American side is, we'll play by the rules when it works for us and we won't when it doesn't work for us. It was nice to see the Canadian government stand up and say, "Wait a minute here, folks, here's a set of rules. What do you mean you're not dumping? Clearly, under the definition of dumping, you're dumping."

I'll leave it at that. Thank you.

Ms. Leona Dargis: Thank you very much for addressing the young farmers.

The younger generation is definitely a lot more interested and is getting educated in marketing and economics and whatnot. It has been one of the course areas that colleges have definitely grown on, as well as the universities. I see that. But when we take these courses in an educational environment, such as colleges and universities, it's a lot broader and not as specific, whereas at an Alberta young farmers' general meeting, it was specific to agriculture.

Farmers need to sell their product, because they put into it what they need. They realize market diversity and would like to expand and make the most of that. They're working toward that, and it's growing as we see more and more involvement from the young farmers.

•(1030)

The Chair: Mr. McBain, did you want to follow up with anything?

Mr. Douglas McBain: I'll comment on the WTO challenge to the U.S. initiated by Canada on corn subsidies.

It wasn't necessarily on dumping; it was an overall subsidy program by the U.S., parallel to the cotton case. Recently, there hasn't been corn dumping in Canada, especially within the last 9 or 10 months. The price of corn has significantly increased to the point where it's not coming in as a feed grain competitive crop at the moment.

The Chair: Thank you.

I want to thank all of you for your interventions today. It will all help us form our recommendations to the House of Commons on the future of APF and the next generation.

With that, we're going to suspend. I ask the witnesses to clear away from the table and I'll call the next witnesses. We want to get started as quickly as possible.

We're suspended.

• _____ (Pause) _____

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•(1040)

The Chair: We're back in session. We welcome to the table on our APF hearings Bill Dobson from Wild Rose Agricultural Producers. From Alberta Pork we have Jurgen Preugschas and Ed Schultz. From the Canadian Animal Health Coalition we have Matt Taylor, executive director; and Dr. Duane Landals. We also have Darcy Kirtzinger from the Alberta Barley Commission.

I want to welcome all of you. We are discussing APF and we want to keep the comments focused on that.

We'll start with you, Mr. Dobson. Please keep your comments to 10 minutes or less.

Mr. Bill Dobson (President, Wild Rose Agricultural Producers): Thank you very much. Welcome to Alberta, everyone. I'm certainly pleased to have been invited to come to make a few comments today.

We certainly recognize the value of this process. We were involved in some of the preliminary discussions. We also took part in the public discussion. The original APF was certainly a positive event, as far as we're concerned. It set out a framework that programs fit into and it came to the benefit of producers. So we have a great deal of respect for this process.

I wasn't exactly sure, but I've heard two versions.... We're supposed to be talking about business risk management in the morning, but that's not what I'm talking about. I saw that after I'd made up my comments. So I will just say on business risk

management that we see the need for a predictable and effective program. I'm sure in the discussions we'll have some questions about that. We certainly see that as very important. The last APF program seemed to concentrate on that. For five years we tried to straighten that out, and it still hasn't really happened.

But I want to focus on three other things. One is the recognition of farmers' contributions to ecological goods and services renewal, specifically the farm succession programs that will enable young farmers to enter the industry. I overheard the comments of the first witness and will certainly follow up on them. We also need some meaningful programs that will promote strategic growth.

On ecological goods and services, we farmers have always been recognized as being good stewards of the land. We have to balance the need for a lot of production with environmental responsibility. The public has come to expect that from us. They have expectations that there'll be safe food, erosion will be kept to a minimum, wildlife habitat and the beauty of the countryside will be preserved, and endangered species will be protected. We are very happy to do those things as producers. But we also feel that some of those things are in the public good, and we would like to see the public share in the cost and benefits of them.

In the next five-year period of the APF we'd like to see us collectively examine exactly what processes we go through on the farm that are in the interest of the public. When those are identified, we need to figure out ways that the public can share in some of the costs.

At Wild Rose we've been very supportive of the ALUS program, the alternate land use services, which Keystone Agricultural Producers in Manitoba has introduced. It's in the pilot stage, and Delta Waterfowl has been raising a lot of funding to see how that process would work. Everybody says they're supportive of it, but I think we need to get down and really start to give it support financially and make that process work.

I know this could be expensive, but from a public acceptance standpoint there's no doubt that the environment and environmental issues have come to the top of people's minds. In other countries, help from the government has been funnelled through environmental programs, and it's much more acceptable to the public.

I just want to make sure we add that we should build on the environmental farm plan program and give the ALUS proposal serious consideration. On farm food safety programs, which I think are also public goods, we need to look at having those shared as well.

On renewal and the increase in the average age of farmers, there is no doubt that trend must be reversed. I see you just had someone here from the Canadian Young Farmers' Association. We're very supportive of that group and the Alberta Young Farmers Forum. They have provincial associations. What they're trying to do with very little money is just a drop in the bucket. We've been involved in those associations, and they need to reach out to the entire young farming community of Canada. They really need some assistance to be able to do that and make their own organizations stronger. I think that would be money very well spent.

We can talk about all the nice ideas for getting farmers into this and doing what we have to do to get young farmers involved, but there also need to be financial incentives. I know Farm Credit Canada has a special program, and I think the government would be very wise to look at extending that to other financial institutions and actually giving the down and dirty financing to help people get involved.

• (1045)

On growth and strategic growth, we need to be very careful that we don't confuse business risk management and insurance-type programs with the actual growth that's necessary to get the industry up and moving. We've just been through the BSE crisis, and we saw that farmers were trying to get their own packing plants going. We now have a once-in-a-lifetime opportunity with biofuels, and I'm sure you have great interest in that. But farmer ownership of some of those facilities would absolutely be a very good way to increase that value in a hurry.

It's an area where we really need to be on a level playing field with our American neighbours and at the same time take care of the feeding industry. We need to work together strategically on that as well. If grain prices are going to be higher, we don't want to hurt the feeding industry. But when we face reality, we built the feeding industry on low grain prices, which has not been in the best interest of grain producers. It has put them in dire straits.

There is talk about cooperatives and helping farmers get their own facilities, but we need to back that up with some significant programs on lending, tax incentives, and loan guarantees. We can also take a part in sharing information and understanding exactly where the initiatives and opportunities are. That would be good for the government to involve itself in.

To conclude, we can never overemphasize the need to have consultation with industry, as we're just having. We need to accept one thing—that government is going to have a role to play in agricultural production. We always want to try to get out of having the government provide any assistance—the industry should fly on its own. I'd love that too, but we need to face reality that around the world that's just not the way it happens. We need to be strategic in how that assistance is delivered.

Thank you very much.

The Chair: Thank you, Mr. Dobson.

Mr. Preugschas, please.

Mr. Jurgen Preugschas (Chairman, Alberta Pork): Thank you very much.

I'd also like to add my welcome to the committee and honourable members coming to Alberta to listen to us. We really appreciate the opportunity to share some of our views from Alberta and across Canada with you. I do think that the consultative process is very important. We're quite confident you'll take our comments back and use them.

I just want to very briefly indicate, representing Alberta Pork and the pork industry in Canada, that at times I think we in Canada don't understand the importance of the hog industry in this country. We export over a million tonnes of pork out of Canada on a yearly basis. For beef it's about 400,000 tonnes. So the amount of product we export is over double—two and a half times—that exported for beef. As well, we import 130,000 tonnes, compared with beef imports at 200,000 tonnes. That's just to lay a bit of ground work. As Canadian representatives, you have to understand how large the hog industry is and how big an effect it has in Canada and what we add to the gross national product of this country. It's very significant. At times we feel we're being left out of policy decisions. We spend far fewer research dollars than are spent for any of the other commodities, which is totally out of sync with the number of dollars we create for the general well-being of Canada. I just want to put that in perspective. You as our political representatives have to understand and realize the additional importance that needs to be placed on our industry.

I just want to go through some of the issues I've laid out here, and I'm certainly open to discussion about them later.

Certainly market development and trade are very important issues for the pork industry. We export over 60% of what we produce in Canada. It goes to other countries in the world. We're certainly disturbed at times by the policy of our government on the WTO in trading off some sectors against others. It's very important to us in the hog industry that we have as free access and as free trade around the world as possible. The WTO negotiations are absolutely critical for our industry. We believe they're critical for the Canadian agriculture industry in general. I think sometimes we get bogged down in politics and vote buying and support specific commodities rather than the general good of Canada.

I challenge you to really set politics aside and look at what's good for this country. I was here as well and listened to some of the comments before. COOL—country-of-origin labelling—in the U.S. is a major issue for us as well. We're very involved in that. The Canadian Pork Council has put together a committee to work with some of our American counterparts. It really is a counterproductive program that the Americans are putting in place as a non-tariff trade barrier. Again, I think it's something that, as a government, we do need to discuss and talk about with the Americans, and really make it clearer that our borders need to be more open when we trade with each other. Putting things like this in place just isn't good for either of our countries.

If we look at the business risk management side, there are several factors to it. Our concern always is to treat all commodities in the same way. I'm a hog farmer, a grain farmer, and a cattle farmer. I think I can speak from personal experience about how the three commodities are treated very differently.

● (1050)

If we have trouble in pork, we virtually get nothing. In grains, they have the ability to have production insurance, crop insurance. They get cash payments on acreages sometimes if there's a panic somewhere else. When there's a drought, cattle farmers get an acreage payment, and they have crop insurance as well for pasture and hay. These things are not available to me as a hog farmer.

At some point in time, I think our government needs to realize that if we have programs in place, they need to be in place for all commodities. As a major industry in this country, we are being left out in that regard. I'm encouraged by the cash advance and the discussion on production insurance in order to expand it, but we're again trying to fit a square peg in a round hole in trying to use the grain program to fit into livestock. It really doesn't work. We need to get our heads around that and work around it.

The newest announcement was about what may be a NISA-like program again. It didn't work for hogs before. What would ever make you think it's going to work for us in the future? I think it's a political decision that really wasn't thought through very well.

The competitiveness issue is absolutely critical. We passed out a report that we've drawn up, through the Canadian Pork Council, the Canadian Meat Council, and Canadian Pork International. We actually sent it to Minister Strahl. I hope you have some time to read it. It's a very in-depth document on some of the problems facing our industry at the present time. If you'd like to ask questions on it, we can certainly deal with them in the question period. On competitiveness, that's what that is.

In addition, I just want to highlight one thing. High-yield grain varieties are something on which we're lagging behind the Americans. If you look at the graph, the yield of corn has gone up and barley and feed wheat are like this. The gap is just widening more and more. We need to catch up on that. We need to do our job. We need to put research in and we need to be open to accepting new varieties. We need to remember that. We have a grain variety, a high-yielding feed wheat variety, but because visual distinction isn't possible, we don't allow it into this country. So what do we do? We make it harder and make our industry or the total feeding industry less competitive.

The last issue I want to address is the environmental issue. There's a lot of discussion on the bioenergy side. It's a very important fact. I know we keep going around it and we're calling it an environmental thing. Well, the discussion before was quite clear that it's very questionable whether it's an environmental program or something else. I would like to give you a solution. I believe the bioenergy program, expanded into the biogas portion, can be environmentally positive for the world, for this country, and for this province. Put our energy toward that rather than taking food out of production or increasing the price of food. Putting some of the dollars into biogas generating plants uses a byproduct retaining the actual nutrient value of these products. We can create energy and heat from that, so I think that's where we need to put our energy. It will be money well spent and will be something very positive.

In addition, when you add the carbon credits to that, it becomes an extra income stream for the livestock industry. It becomes a solution environmentally and a solution financially as well.

● (1055)

Mr. Chairman, with that, I'll leave the comments now and welcome any discussion on questions.

The Chair: Thank you.

Dr. Landals, are you making a presentation?

● (1100)

Dr. Duane Landals (Director, Canadian Animal Health Coalition): Thank you very much, Mr. Chairman and committee members, for the opportunity to be here this morning.

I'm representing the Canadian Animal Health Coalition today. I'm a veterinarian and I represent the Canadian Veterinary Medical Association on that board. I'm here with our executive director, Matt Taylor. Hopefully, we can make a representation to you.

My intention is to follow the document that we've handed out to you fairly closely, in essence of time. If there's a detail, we'll have it covered and we'll have an opportunity to answer questions at the end, if there are any.

We would really like to review the development of a strategy for animal health for Canada, and specifically how that relates to the APF 2. As you mentioned, it's certainly relevant to your discussions today. We'd like to make some suggestions for a direction forward that the committee may consider in its deliberations.

The Canadian Animal Health Coalition is a not-for-profit organization that was formed in 2002 to serve Canada's farmed animal industry. It is a partnership of organizations all recognizing shared responsibility for an effective Canadian animal health system. We're a broad-based group that represents a multitude of different stakeholders.

Our mandate is to assist industry in meeting domestic and international market needs by promoting a collaborative approach to animal health. It is resourced with expertise, information, and funded projects, to offer Canada's farmed animal industry the capacity to share information and build consensus by providing expertise in project management. Essentially, it provides a forum where stakeholders can get together to discuss multi-stakeholder and multi-jurisdictional animal health issues, because animal health is something that really doesn't fit into one neat box within one industry or within one jurisdiction. It's important to recognize that there are very few other organizations that do have the same mandate as our organization and can say they represent the farmed animal sector, as opposed to an individual commodity group.

Canada's farmed animal industry represents over 50% of farm cash receipts. If we consider those receipts before other payments, it's 58% of the farm cash receipts, so it's very important to the agricultural economy of Canada. There are approximately 155,000 producers in the farmed animal sector, or nearly 44% of the agricultural producers in this country.

In one of the earlier presentations, we heard how important exports are to our industry. Canada's pork and swine industry is the largest exporter of pork products in the world. Our beef industry, prior to BSE, was the fourth-largest exporter in the world and will hopefully soon regain that prominence. Again, a number of our other sectors recognize international recognition through quality and performance, particularly poultry and dairy.

It's a very large sector, and it's important to recognize that the farmed animal industry isn't just what we normally think about in terms of beef, pork, dairy, and poultry. We also include horses, mink farming, sheep and goats, and all sorts of other varieties of smaller sectors. It's important that those organizations have a voice so that they can express themselves in a collaborative manner.

As far back as 2002, stakeholders requested a strategic approach to animal health. We've had several occasions to do this. Through the coalition and other groups, with requests to the minister of the day and to groups such as the federal-provincial-territorial assistant deputy ministers' committee, we've talked about developing a national animal health strategy. By this, we were clearly referring to a farmed animal health strategy, because while linkages to other species groups are there—companion animals, aquatic animals, wildlife—the focus of our organization is on farmed animals and the agricultural component.

In 2005, this committee recommended a strategic approach to animal health to the minister of the day, following a coalition presentation. Industry recognizes and appreciates the significance of that recommendation and invites similar action following the presentation we're making to you today.

In 2006, a concept paper for a national animal health strategy was prepared through a national consultation process. That document was prepared by the coalition, with the support of the Canadian Food Inspection Agency. It was at that time that the need for two levels of strategy was clearly identified.

The first is a high-level strategy identifying the national animal health strategy, which includes all species. That's where I talk about wildlife, fish, companion animals, research animals, zoo animals, and farmed animals, all of which affect human health. We can't look at a health strategy without considering all aspects of these.

- (1105)

There is a need for a high-level national animal health strategy.

The second tier of the strategy, though, is the one that our organization is not more interested in but more involved in, and that's the national farmed animal health strategy. While that may be a component of an overall strategy, it's an entity somewhat unto itself. This may be a lower-level strategy or part of the big picture, but it certainly is a strategy that needs to be well considered if we're going to look at the needs of the Canadian public and the farm production sector.

In late 2006 there was an unprecedented series of meetings with the executive directors and presidents of 13 national commodity associations, and they prepared a statement of principle for our national farmed animal health strategy. It is attached to the brief that we submitted to you today for your reference in the future.

In early 2007 the Canadian Food Inspection Agency began to work to develop the high-level national animal health strategy, and it is expected that will be tabled in 2008. Also in 2007 our coalition has begun work to develop a more focused farm animal health strategy, and we hope that will be available by the summer of 2008 as well.

One key element of the activity should be to facilitate the farmed animals' input into the higher-level strategy and to ensure both appropriate involvement and minimal duplication. While these two are different projects, there is a lot of duplication. There is a risk of wasted resources if we're not collaborating and working together to make sure we're going in the same direction.

A number of activities have taken place so far. The coalition has been involved in, obviously, the national farmed animal health strategy, but more than that, it has gone well down the road in working on developing a strategy for Canadian zoning at the West Hawk Lake zoning border control function between Manitoba and Ontario. Various sectors have worked to enhance emergency management capacities. Coordinating these strategies nationally and provincially is a very difficult job.

As far as benchmarking surveys on the capabilities we have for emergency preparedness goes, there's been lots of support for a national farmed animal care council to be developed on a Canada-wide basis, similar to the provincial animal care organizations that we see in several of the provinces in Canada. We've worked to help facilitate the development of a Canadian livestock identification agency, and a benchmark survey on biosecurity across the industry in Canada.

Much of the work is funded by Agriculture and Agri-Food Canada's advancing Canadian agriculture and agrifood program, the ACAA program, and additional funding has come from the Canadian Food Inspection Agency.

There are other industry activities that are important in developing a large strategy. Biosecurity activities have been developed. Particularly the poultry sector should be applauded for the work they have done in this area. There are identification activities and traceability discussions throughout the industry to try to determine how we are going to deal with animal and product traceability throughout the various sectors of the farm livestock.

Emergency preparedness is particularly well developed in the poultry sector, and a lot of work in the provinces of Quebec and Ontario has been done in this area.

New animal health legislation has been introduced in one province—Manitoba—and as well is under development in both Ontario and Alberta. These are very important steps to having a strategy that's going to work.

There has been discussion regarding disaster funding, on how we are going to deal with some of the costs that occur when an unpredicted animal incident occurs. Disease surveillance and laboratory networking have been enhanced. Consultations with industry regarding the APF and calling for the recognition of a separate pillar for animal health have been part of our drive in the last while.

Canada clearly has proved its capability to address major animal disease outbreaks or other significant animal disease incidents, and it's important to remember that all the animal health issues we deal with are not foreign animal disease. There are other disasters that can occur that can have a very significant impact on animal health.

This development has been pushed, of course, by recognition of the zoonotic or human potential of animal disease. Avian influenza has obviously brought to the forefront of the media, the politicians, and the public of Canada how important it is. Avian influenza is a very bold example of the challenges we may face in animal health and of the fact that the interface between animal health and human health is something we can't overlook.

• (1110)

Considerable activity remains to be done. Largely what we've been doing is project-based work, where an issue comes up and we deal with the project, but there has not been an overall plan or a strategic direction for animal health management in this country. There has never been a secure line of funding for the activities that need to take place to have an ongoing program that will protect us into the future for the things that are unpredictable, and it remains unclear with which authority leadership lies. We have cross-

jurisdictional, cross-commodity responsibilities. Again, if I can use the avian influenza as an example, we're not certain if avian influenza is a human disease or an animal disease. I guess what agency it's under will depend on in which species the disease is discovered first in the country. That's a difficult situation to be in, and it's an issue that needs to be resolved with an overarching strategy.

The Canadian public and the Canadian farmed animal industry needs an effective animal health system to deliver a predictable suite of programs necessary to safeguard human and animal health—again, I emphasize that while we're in agriculture, we are also dealing with human health, and we have to keep that in mind—and we need to sustain the industry's leadership role in both our domestic and our international marketplaces. The animal health system requires two levels of strategy, and I'll just re-emphasize that we need a high-level national animal health strategy and we need a focused farmed animal health strategy, both of which are important to get the goals of industry.

We wish to suggest a way forward, acknowledging that we cannot afford a logical, sequential approach and that we cannot look to any single tool or any single factor to safeguard the public or the industry. Animal health, like public health and food safety, is a public good, and that needs to be recognized. Responsibility for this public good is shared by federal, provincial, and territorial governments. In these responsibilities for protecting Canadians from the risks associated with animal disease, the farmed animal industry recognizes that it too has a significant role to play, so there needs to be a collaboration between all industries and all levels of government to reach our goals.

The farmed animal health strategy needs to be positioned within the animal health box of the newly proposed resource protection component of the food safety pillar of the APF2. We would like to see high recognition of animal health in that program as it develops. Longer-term aspects could be incorporated into both the national animal health strategy and subsequent generations of APF. The existing and in-process initiatives must be recognized and they must be grandfathered within the strategic framework that's developed as we go forward. A lot of work has been done in a piecemeal manner, or on a project basis—I guess that's a better way to say it—but we need to recognize that.

In conclusion, we want to ask the committee to ensure that animal health is recognized as animal health within the APF2, not as a third-level objective buried under resource protection. In itself, as part of food safety and as part of plant and animal health, we think animal health is more important than that and would like to see a stronger recognition for that. And we need an unambiguous and clear recognition of what agency is in charge of animal health in this country.

Thank you, Mr. Chairman.

The Chair: Thank you.

Mr. Kirtzinger.

Mr. Darcy Kirtzinger (Policy and Research Coordinator, Alberta Barley Commission): Good morning, Mr. Chairman and committee members.

My name is Darcy Kirtzinger. I farm near Hay Lakes, Alberta. As a young farmer, I'm very encouraged at consultations like this to hear what's going on and to hear what people are thinking about in regard to the future of agriculture. It's certainly going to affect my generation of farmers.

I'm here today on behalf of the Alberta Barley Commission. We represent roughly 17,000 barley farmers across Alberta. Those producers represent roughly half of Canada's annual barley production.

I'd like to thank you all for making this trip out west.

I'm going to speak to you today about some principles on safety nets that our business risk management committee has come up with. Business risk management in agriculture must be three things: it must be market neutral, WTO green, and profit focused. I'm going to talk about each of these in turn.

In terms of being market neutral, the Alberta Barley Commission is in favour of a safety net program that does not encourage producers to make cropping plans in accordance with government programs. Cropping plans must rather be based on signals from the marketplace. This is why we have supported the whole farm approach for safety net programs in the past, and we will continue to do so in the future.

On WTO green, market access is paramount to Alberta farmers. Therefore, any program must be set up in such a way that it does not have the potential to become a trade barrier. My generation is certainly aware of globalization, and we don't want to see any adverse effects. Given the current environment of globalization and WTO regulations, safety net programs must be decoupled from other programs such as crop insurance. Each program must stand alone and on its own merit.

We support farmer involvement, not the current fee situation in CAIS but one that is more akin to the deposit proposal in CAIS's original incarnation. The deposit has always remained farmers' money, whereas the fee is not. We do not agree with the NISA approach because it creates entitlement and it therefore takes away from need. NISA, in its current form and in the past, has been seen as a rich farmer's program.

Finally, BRM programs must be profit focused. As I've already mentioned, we support the whole farm approach in order that programs do not drive production plans. Farmers are expected to make business decisions based on the marketplace. Therefore, the overall aim of safety nets is to reduce the capitalization of government program money for its own sake and to encourage production based on market signals. On principle, a program cannot encourage the production of a crop or commodity for which the buyer is not willing to pay at least the cost of production, regardless of the reason for the low market prices.

Safety net programs under business risk management should be able to assist farmers when there is a downturn in profit. Those same programs should exist to help farmers get through hard times and to allow for a change in their business plans should the need arise. Unfortunately, profit-focused programs may have the effect of pruning some of those farms that are only kept afloat with continuous support. In other words, a safety net program must be based on business principles, not designed to attempt to address social problems.

Thank you for your time.

● (1115)

The Chair: Thank you.

We'll open it up to Mr. Steckle.

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

I hardly know where to begin, because I'd like to address a whole series of questions to any one of you particularly.

As a hog farmer from Ontario, let me assure our hog producer here this morning that I share the frustration and concern you have with the industry, going forward.

Let me begin by setting a premise as to where I see agriculture going in the future. Some of us around this table—Mr. Thompson, and the three of us on this side—came in 1993, and we've been at this table for a long time. We keep hearing the same issues; we've heard them now for at least 14 years. In my former life, I heard them for the previous 25 years, so we really haven't gone very far in terms of progress. Perhaps we might have intermittent progress from time to time, but the long-term progress is really pretty insignificant.

I'm going to throw this on the table as I've done in other meetings, and I'm going to do it again this morning. I am wondering whether it's time we started looking at where the programs should be developed and where they should be funded from.

My view is that we are competing with provinces. We are competing between provinces and the federal government on every occasion that we have program development. We keep blaming one another, and farmers seem to be the victims in all cases. I think it's time we started looking and thinking forward as to whether it's time to make one department of agriculture at the federal level. That doesn't mean there won't be provincial involvement in terms of the research and all those things, because demographically and geographically we are somewhat different from province to province, but we have so many instances in which we are competing, and ultimately we are the losers.

I think of what happened with the BSE issue and how we came to the rescue of the beef industry, whether adequately or inadequately; nevertheless, we had the beef producers here in the previous hour and a half and we found that we have the capacity now. We helped build that capacity. Now we're selling into a marketplace and filling about 70% of that capacity. Why? It's because the almighty dollar has chased our cattle south of the border, the live animals; the slaughtering is not being done here. Though I agree with you in terms of cooperatives and farmer-owned initiatives whereby farmers become involved in seeing value added into their industry, I really wonder whether there is enough commitment in any sector of our farming community today where you would see a continuum of support, given that a dollar is going to drive things in another direction. I think the beef issue is a good example of what's happened.

I think we have to start taking some very serious consideration to what we're doing. Darcy, I know you spoke to the issue of grains. Grains and oilseeds have been in a quandary for a good many years, and certainly over the last four or five years. NISA hasn't worked properly; we know basically the opportunities that present themselves there. You talked about the NISA program being a rich man's game, and it is: if you haven't got any money, you can't get into it; if you have money, you don't need the program. We had another program recently brought forward that basically was an exit program from agriculture. These are all band-aid programs, and I think we need to have a policy.

I know my time is expiring and I haven't even got a question. I could speak for a long time on this issue because I'm passionate about it. I believe we have spun our wheels; we've left a lot of rubber on the road, but we haven't got anything to show for it. As an industry we must move forward and make some very tough decisions, including us as politicians making those decisions, because if food security isn't important in this country, then we'll never have farm programs. Once we adopt the theory, the policy, and the principle that food security is, among all things, the most important thing in this country—equal to our military security—and believe that, then we will find and devise and design programs that will accommodate that kind of thing.

I'm going to leave it at that. Those are some of my comments, but you could pick up on anything I've said. I have a lot of questions, but I can't even get into that.

• (1120)

The Chair: I ask that everyone's responses be very brief.

Mr. Jurgen Preugschas: Again, there were a lot of good comments there. I'd like to address them in several ways.

The competitiveness issue is really a major one. That's where it's government's responsibility to try to remove some of the regulatory barriers we have. It isn't only true in the hog industry, it's true in all parts of agriculture.

Our bureaucracy seems to have become more important than what we produce. Bureaucracy produces nothing, it just costs money, so this is where you can be a key part of the solution. Take a serious look at reducing regulatory burdens.

In the hog industry, in the grains industry, in the cattle industry, in every other industry, we're competing with fewer regulatory controls in the States. We allow into our country imports of these products that we're not allowed to use because we've been so slow in providing the regulatory approval. We come up against barriers every time we try to do this.

It's up to you, the politicians, to say to your bureaucrats that they need to clean this up and make it more efficient and more competitive for our agricultural industry. If you do anything at all, that would be valuable.

The Chair: Mr. Kirtzinger, very briefly, please.

• (1125)

Mr. Darcy Kirtzinger: In my presentation I talked about how business risk management should address just that and not try to address social problems. There is a growing divide between urban and rural, though, and we need to address that. The environmental farm plan and the resulting stewardship funds are seen as a way to make federal dollars palatable when you transfer them to farmers. You're saying to city people that there's a benefit to them by giving this money to farmers, but it's only under that guise. Agriculture has to be seen as something that is vital, as something that is necessary, and as something that we have to protect regardless, number one.

The Chair: Thank you.

Before Mr. Gaudet starts his questions—

Dr. Duane Landals: Mr. Chairman, could I just comment on that last question?

The Chair: We're going to start the next round. Maybe you can work it into the next round, if you can hang onto your response.

Mr. Gaudet.

[Translation]

Mr. Roger Gaudet: Thank you Mr. Chairman.

Thank you for coming. Since yesterday morning, I have been listening to you talking about your problems and your expectations with regard agriculture, namely drought, flooding, dumping, the new generation, imports, BSE, apples, cherries, corn, wheat, barley, potatoes, cattle, production insurance, supply management and risk management. However, you have never offered any concrete solutions to these problems.

Mr. Thompson indicated earlier that too many people work in the Department of Agriculture. If that department cannot suggest solutions, I would like you, who work out there, on dry land as we used to say at home in Quebec when I was young—my father, my grandparents and my great-grandfather were farmers—to give me only two solutions each in order to solve some problems. We will not solve them all but at least we could see some light at the end of the tunnel.

You never put forward solutions when you come to see us. You talk to us about your problems but I should like for you to suggest solutions. I would like each and everyone of you to give me their opinion.

[English]

The Chair: Mr. Dobson.

Mr. Bill Dobson: Well, the solutions aren't easy. I'm sure you know that.

I think the problem is that the income is too low. We can talk about farm safety net programs and everything else. We have to get the income level up, because the good years are not good enough to make up for the poor years. That's really what it boils down to.

With the risk of being slugged here, as I mentioned earlier, we build an industry at the expense of another industry. I guess we have to face the reality that whatever the American farmers are doing, we are in direct competition with them, especially in the livestock industry.

I think a lot of people have their hopes laid on this opportunity in biofuels. I think if we can push that together and make a big portion of that farmer-owned—

I just heard that the German government decided that the wind power industry was going to be owned by farmers, and they made it happen.

We can just give lip service to this and say that farmers could own the biofuel industry. It doesn't matter whether it's environmentally friendly or not; it's going to happen, sooner or later. We have an opportunity in the next year or two to own that as producers. If we let that go by, it's going to hurt us.

At the same time, we need to be working with the livestock industry to make sure it doesn't kill their industry, because, quite frankly, barley needs to be \$4 or \$5 a bushel to be viable, and what are you going to do if it's there? So we've got a big problem right there.

Mr. Jurgen Preugschas: That's a perfect lead-in—

The Chair: Go ahead, Dr. Landals.

Mr. Jurgen Preugschas: Oh, I'm sorry. I didn't mean to jump the queue.

Dr. Duane Landals: I'd like to answer that question partially in relationship to the previous question. There are obviously many different problems, and there is not just one solution to every problem. But in terms of animal health, which is our focus today, we really believe that one of the solutions is to have a clearly defined national animal health and national farmed animal health strategy that would give us a way forward so that we are all working on the same page.

It was identified that we have provincial authority and federal authority, and we tend to be competing between industries and competing between governments to get to the same end point, and that's counterproductive.

One of the solutions I would suggest is that we need to move forward with a clearly defined strategy for animal health. At least in regard to our place in the international market community, from an animal health point of view, we're going to be much stronger and much more able to compete in a global marketplace.

• (1130)

The Chair: Mr. Preugschas.

Mr. Jurgen Preugschas: To continue on with Bill's comments, and obviously with due respect, we had presented quite a number of solutions, and I certainly had mentioned the biogas solution.

I don't want to rain on the parade of the grain farmers here either in terms of bioenergy. That's okay. That policy is in place, and it's going to stay.

But I think when we're talking about the damage that is being done to livestock, we can take it a step further on the biogas side. I agree with Bill that we need to put it on a farm level, that the farmers should get the income.

There was the announcement of the huge plant in Innisfail. I don't think that's farmer-owned. That isn't where the money should be going. The solution is that we ensure that the ownership is there.

And let me present one other solution. It may be controversial. I don't know. I know here in this province we have eco taxes. I'm not sure if it's Canadian or Albertan. We pay a tire tax of \$4 a tire. When we buy computers, we pay a tax.

I would propose that an eco tax on food might not be such a bad idea, a 1% tax on all food purchased in this country. That would go back for environmental improvement directly to the farmers, and it would not be scooped up in between somewhere. It would go back to environmental improvements, to food safety, to traceability, and those issues that our consumers expect and that we, as producers, pay for. We get no more for our products, and you keep expecting us to foot the bill. Our income keeps dropping, and we get paid less.

By putting an eco tax of, say, 1% on it, the process would be in place. It's simple to put into place. Funnel the money directly back to farmers. That's the solution.

The Chair: *Merci beaucoup.*

We'll go to Mr. Miller.

Mr. Larry Miller: Thank you, Mr. Chairman.

Thank you, gentlemen, for coming here today.

Mr. Steckle talked about how we've spun our wheels. It takes me back, Darcy, to a comment you made, and I think I heard you right, that you seem to be opposed to a NISA-like program.

We've had a supposedly national farm organization, which represents all sectors of agriculture, that has asked for a NISA-like—or at least a top-up kind of thing. To me, as a farmer and as a politician, it's one of the reasons, as Paul pointed out, why we've spun our wheels. I really think it's that way. I'm a big proponent of one voice for agriculture. I would think there'd be many more. We have every sector fighting each other. It's that old conquer and divide thing. I honestly believe that until we get together and put aside our differences and come out with one voice aimed at government, we're never really going to get rid of all that spinning. That's more of a comment.

Let's go back to the food tax, Mr. Preugschas, just for information. I had a recent mail-out—we call them householders—that went out to all the people in the riding. One question I had on there, and the results are just coming in, so they're very preliminary, was whether people would support a food tax specifically to fund agriculture. I didn't add in the eco part of it. I never thought of it, to be honest with you. But the results, initially, weren't as positive as I thought they would be. I honestly believed, with the importance people put on food, that it would have been fairly strong. But I'll wait until all the results are in.

Another thing I think we've spun our wheels on is truth in labelling the country of origin. I think that as a sector, the beef industry in Canada, which I'm part of, has fought this. Obviously, Mr. Preugschas, you're against that. I think it's going to happen, and rather than fighting it, we should make sure it's done in the right way.

Our food in Canada is second to no one's, unless maybe the Japanese, and I'm not even convinced of that. Europeans and Canadians are very close to the Japanese in how fussy we are as eaters. I think it's going to get better, and I think there are benefits there.

One other point you made and that I'd like to hear you comment on a little more is the acreage payment. If you grow your own feed for hogs or for any other livestock industry, you have a chance to get that. If you choose to buy it, you don't. I'm just pointing it out, more than anything. Are you really a farmer if you're purchasing all your feed? Of course you are, on one hand, but on the other, I think there generally has to be something where you should be producing some of your own costs.

I'll throw those out to hear some comments about them.

• (1135)

Mr. Jurgen Preugschas: It's an interesting comment that you're not a farmer if you don't produce your own grain. That is a topic that I think would create some major discussion. Our industry, and certainly the beef feeding industry, has survived because of specialization and by doing a job on specialization. It's absolutely critical in some of these larger family operations that they specialize

and purchase. Our grain farmers are our partners. They're our customers. Whether you raise your own or buy from someone else, I would hope that our representatives wouldn't take that to mean you're a farmer or you're not.

On your discussion on COOL and the value of our food and how good it is, I totally agree with you. I believe we can compete with anybody, but again, it's going to be another cost we have in marketing to the U.S. We have an integrated market on the hog side, as well as on the beef side, between the U.S. and Canada. To put barriers in there actually harms both sides. All they do is increase costs, and that's the issue.

On the food tax thing, I think you need to sell that properly if we're going to be successful. It's an eco tax. Don't ever call it a food tax. The food tax will not sell, and I wouldn't buy it, either.

The Chair: Mr. Taylor.

Mr. Matt Taylor (Executive Director, Canadian Animal Health Coalition): In response to the comments from Mr. Miller, Mr. Steckle, and Mr. Gaudet, you're too right. Our industry is fractured, and it's very difficult to get everybody on the same page at the same time. That was part of what surprised us when we found, within very short order, that we had thirteen national-level organizations supporting a farmed animal health strategy and its recognition in the animal health policy framework, clearly, transparently, and with a clear recognition of who is responsible for policy development. We see these moments coming fleetingly, and we really welcome this committee's support in the clear recognition of that component within APF2.

The Chair: Mr. Dobson.

Mr. Bill Dobson: I'm a proud member of the board of the Canadian Federation of Agriculture, and the invitation is always open to the Canadian Cattlemen's Association to be a member of that. The Canadian Pork Council is a member, and is always in some difficult discussions, because it is a very difficult time to have discussions or a group.

I wanted to make a comment on the talk about the NISA-like program. There's obviously disagreement on whether that's good or bad, but there was reasoning for that request. There was a lot of discussion on whether it's the way to go or not, but there is almost no predictability with the current program. There is some degree of predictability when you actually have some money in the bank. It also gives the government an opportunity to provide funding in years when it may not trigger, so that money can actually be banked up. It's actually a tool for the government to put some money away.

The problem with margin-based programs is that they work fine if you're in an industry that has sharp ups and downs. When you have some years of profit, they trigger very well. The CAIS program should work in the hog industry, for instance, because it's the nature of that business. In the grain business, especially once you have a five- or six-year period of low production or low grain prices and incomes, you pay for that for years and years. That's exactly what we've just come through. There are no reference margins to work with.

We're constantly looking for ways to improve it. We've had the National Safety Nets Advisory Committee, which I have sat on, and we have tried and tried for years. I'm not sure where that is going or if there is going to be some consultation, but as an industry we are very eager to work on trying to get a business risk management program that works and meets the needs of everyone at this table.

• (1140)

The Chair: You're out of time.

Mr. Larry Miller: I know I am, Mr. Chairman, but could I ask for ten seconds for a clarification?

The Chair: No.

Mr. Alex Atamanenko: I was going to give him ten seconds of my time if he wants it. Can I do that?

The Chair: If Mr. Atamanenko is going to be generous, Mr. Miller, you can go ahead.

Mr. Alex Atamanenko: Larry, you have it.

Mr. Larry Miller: I wasn't trying to say in any way that they weren't farmers. The complication is that money is paid out at some level on the acreage that you talked about, and I don't think the government should have to pay twice. There needs to be some diversity in there, and we can discuss that.

The Chair: The floor is yours, Alex.

Thank you.

Mr. Alex Atamanenko: Thanks very much, gentlemen, for being here.

Mr. Kirtzinger, in one of your three points, you mentioned farming and profit focus, pruning farmers, business principles, and how this is not a social problem. My question to you—and I wouldn't mind comments from other people—is whether government at any level has a role in supporting rural Canada or the small farm. Does it have a role in supporting some kind of rail infrastructure? Or should it just be a side that's there to assist in disaster?

The implication is that if there's no other support, many of our farms will continue to die out. That will have an effect on small

communities unless we bring something else in. We're left with efficient farms, but not a lot, and those are big ones.

I'm wondering if I could get some comments from you and others on this topic.

The Chair: Mr. Kirtzinger.

Mr. Darcy Kirtzinger: As Mr. Thompson said earlier, in some places the government doesn't have a role. Certainly in my family, I know the older generations think that way.

When you look at new farmers and talk about learning marketing and learning the markets, agriculture has to be seen like any other form of production. It has to be market-driven. In that case, no, but in terms of education, certainly. That's where I was going to address Mr. Gaudet.

One solution the government can provide is better education aimed at urban people, and certainly at all Canadians, to decrease that divide between urban and rural about the importance of agriculture, about the value of agriculture, and about the environmental impact.

The Chair: Dr. Landals.

Dr. Duane Landals: It's very difficult to comment on whether or not the government should support the small farm, because I guess it would be a very social kind of question. But there's no doubt in my mind that a lot of the animal health industry or animal industry agriculture is public good related.

There are issues and there are infrastructure items. There's education and there are laboratory services, both of which need government support or they will not survive. As an industry, we cannot survive while expecting the industries to support all of those things themselves. There are people who consume the food and there are people who live in the environment and don't even eat meat. However, they are impacted by the health issues that might be around meats.

So there is a public good issue at stake, and there is definitely room for government support in a lot of these programs.

The Chair: Anybody else?

Mr. Jurgen Preugschas: On that, in its attempt to help small farmers, I think government policy unfortunately has actually harmed them. I know I sound like a broken record, but the regulatory things that government keeps putting in place harm small farmers much more than they do the larger farmers. We therefore just keep becoming larger in order to become efficient and to cover those costs. By doing all these things to protect whomever or to increase the bureaucracy, you actually have created policies that kill the small family farm.

• (1145)

The Chair: Mr. Dobson.

Mr. Bill Dobson: I'll be very brief.

The “family farm” is a term that we start to get too nostalgic about. The family farm is a unit that has proven, for centuries, to be the most efficient way to feed the people of the world. The maintenance and preservation of the family farm is absolutely vital. That doesn't mean they have to be hundred-acre farms with chickens and pigs and ducks and everything else. They can be very specialized, and that's exactly what we have.

But I'll tell you another thing. Small farms or medium-sized farms have survived through this period of time that we've been over because they're of a size that they have some time to have some off-farm income. I don't promote that idea, but they've survived.

We tend to think the solution to everything is to get larger, more efficient farms. But when you get larger farms and they don't pay, they go down.

Mr. Alex Atamanenko: Thank you.

I'm going to move on to the WTO, and pork specifically. It's my understanding that our access to the European market is something like 0.5%. They're allowing imports at 0.5% of their production, but we would like to see it around 5%, which would be more realistic. That's what we're trying to negotiate. At the same time, our government has said it will be protecting supply management. I'd like to get your comments on this.

We want to increase our market, and specifically in this area. At the same time, we have this area of our agricultural sector that we want to keep strong and preserve. We've said that publicly, so how do we reconcile the two?

Mr. Jurgen Preugschas: There's no question that this is a dilemma and a difficulty we have in this country. The view of Alberta Pork or Canadian Pork is not that we're against supply management at all. It's fine if groups want to remain small and not add to the bigger picture of exporting out of this country. That's their choice. But the difficulty comes when the government puts in place policies that support one sector but affect the other ones detrimentally. That's the argument we have.

Last year, when Canada stood alone against 148 countries in protecting sensitive products, it hurt our negotiating ability at the WTO. We need to keep that strength in the WTO, along with the respect we have there, to encourage exports around the world, not hurt products like ours to the benefit of another product. We don't want to play one against the other; just don't hurt ours.

The Chair: Thank you, Mr. Atamanenko.

Mr. Easter.

Hon. Wayne Easter: Thanks.

I'll start off by disagreeing with Jurgen right off the bat. Our biggest problem with supply management is within Canada.

I've been at the negotiations. I don't hear supply management talked about by other countries. I've only heard the argument you just made, Jurgen, from the Canadian Agri-Food Trade Alliance and others using it as an excuse for our not being successful at the WTO. I don't hear those arguments from New Zealand, Australia, or the United States. I don't hear them.

We have got to learn to take a united stand. When we go to Europe or to Geneva—and I've been there—and get people in a room, it's Canadians who are making the arguments with their enemies in the other countries in terms of trade, saying that supply management is our problem and that we've got to get that off the table so that we can get to free trade. That's one of our biggest problems. I say that respectfully.

Mr. Landals, you said we haven't had a strategic plan in place. That's true; we haven't. I think if you look at us compared with the Americans, it's really true, especially as we're getting into the ethanol and biodiesel areas in this country. They have a strategic plan. They're looking at ethanol and biodiesel from a national security point of view, from a national food strategy point of view, and from an assistance to the primary production industry point of view. We don't tend to do that.

There are opportunities; I agree with Jurgen on this point. As a country we're looking at ethanol and biodiesel at the moment as if that's our answer, whereas we should be looking at wind energy, we should be looking at small hydro energy, we should be looking at the biogas you can produce from manure biomass and everything else, and the pine beetle waste in terms of forestry, but we don't seem to do it from a national strategic point of view as a country as a whole.

The example I'll use, which is a bad one, is that in the removal of specified risk materials from animals, the federal government set aside \$80 million two years ago to come up with a solution for how we could get rid of this material—maybe use it for energy and other means, and make it an economic generator. Our deadline is July 12. This committee finds out 17 months later that the feds and the provinces hadn't even come to an agreement on the allocation of money. That's 17 months after the \$80 million was set aside. I think part of it is jurisdictional.

Folks, how do we somehow move in terms of safety nets to getting a national strategy that looks to the long-term vision? Where are we going to be 20 years down the road in this industry when we've got the complexities of the provinces, the mixture of farm organizations, and the feds working at it—and, coming to Bill's point, how do we ensure that there's some farm ownership and control in terms of that development?

• (1150)

The Chair: Go ahead, Dr. Landals.

Dr. Duane Landals: That's a very difficult problem. I think part of it is the issue we talked about, a transparency of leadership. With a lot of the programs and a lot of the policies, we don't know who's on first. We don't know who's in charge.

We have very clear mandates for the Canadian Food Inspection Agency when it comes to foreign animal disease incursions; that's their role. When we get to other diseases that aren't a named disease on the list, we don't know who's in charge. With foreign animal disease we have a very significant provincial participation in a program, and then it always seems to be that competition between the provincial and the federal jurisdiction.

I'm tending to agree with you. I think a lot of it is jurisdictional. I think that plan has to be a plan not only for where we want to go but for who's in charge of which areas; the leadership is partially what we need to define. I think it's going to take a lot of communication to do that. A lot of people are going to have to compromise their own authority and be willing to give it up to a higher authority when we need to get to a common outcome, whether that's between industries or between governments.

Again, one of the challenges of our coalition is to make sure we have industries talking to each other so that we have that common goal.

The Chair: Mr. Preugschas.

Mr. Jurgen Preugschas: I have a quick response on the WTO for the Honourable Mr. Easter. Canada is part of the Cairns Group, which advocates trade access around the world. For those of us who like to trade, the frustration is that it seems every time the Cairns Group issues a communiqué, Canada puts a little asterisk beside its name for not agreeing with the communiqué. That is really unfortunate, and you sometimes wonder why we're even part of the Cairnes Group.

You say that no other countries espouse access like CAFTA. I've also been in Geneva and talked to New Zealand, Australia, and many of the other countries. Time and again, I heard the frustration over Canada's non-negotiating position. So that's very small.

In addition, in addressing the farm ownership of the energy things, I think this is critical, and I totally agree. How do you do it? I guess by not giving all the available moneys out to the big multinational companies, which are able to suck them all up. Maybe the German example isn't a bad one. They have 2,200 biogas digesters on farms in Germany. Does that make sense? To me, it makes a lot of sense.

Those are the kinds of things we can do, if we're serious about it. If we're controlled by the multinational companies that suck out government dollars, then we do what we do today.

● (1155)

The Chair: Mr. Dobson.

Mr. Bill Dobson: Thank you for your questions, Mr. Easter. You asked, how can a safety net program get to where we need to be in 20 years? It can't and won't. I don't think that's the way a person should look at it.

A safety net program is for survival. At the Canadian Federation of Agriculture, we proposed the Canadian farm bill, which I'm sure you're all familiar with. We were not naive enough to think the document was going to be accepted. There was a strategic growth pillar, one pillar out of three, and that's the way we need to start thinking—not how safety nets are going to get us where we need to go, but how that money is going to be put strategically into place to

get the growth we need to make sure this industry works in the complicated world we now have.

The Chair: Thank you.

Mr. Thompson.

Mr. Myron Thompson: I'll speak quickly because time is running out.

I want to thank all of you for your presentations.

I agree with my friend from the Bloc that solutions are what we need. We hear a lot of debate about the problems, but we need solutions.

I appreciate hearing some pretty good ideas, particularly Jurgen's idea of eating up the cost by some form of eco tax, as I believe you mentioned. Of course, the problem is that in this country, the first complaint you hear from ordinary people about government is that taxes are too high. Immediately, when you say, well, it's only going to be 1%, it's going to be for the cost—and I can understand—a lot of people throw their hands up and say, no.

So I think there has to be a way of incorporating money into the idea of looking after the costs. Your industry shouldn't be expected to eat it all up.

I'm really keen on farmer ownership. I'm just not too sure how that should transpire. What should that entail? What kind of strategy do we need to put in place to lead to that? If you have anything you'd like to say about this, please do so.

In terms of animal health, I'm curious. I live in Sundre, where there's quite a bit of animal industry. There are a lot of cattle, and you name it. There are elk on top of haystacks, gobbling up a lot of the hay. We're trying to make the best use of the hay later with the cattle and the livestock. Migratory birds are coming and going.

I wonder, where does wildlife fit into any kind of strategy that may be under way to protect our animals?

The Chair: Who wants to go first?

For the committee's information, we are extending this sitting, because we started about 15 minutes late.

Mr. Preugschas.

Mr. Jurgen Preugschas: I'm not going to discuss the eco tax anymore, but I think we need to take a look at it and address it properly. You put an idea out there; it's very easy for people to say it's no good, or it's another tax. We need to look at how to promote it.

I've talked with individuals about it, and when you compare an eco tax to the tire tax, most people are not really opposed to it.

Regarding the farm ownership of these projects—whether it's a biodigester, ethanol, wind power or all of these—this is critical. We need to look at how we can keep them small, and make the supporting funds that you're going to provide available and set the criteria, so that we have farmer ownership. I don't think that's out of line at all, and it's quite workable.

Our organizations would be more than pleased to work with you to develop a plan.

• (1200)

The Chair: Mr. Landals.

Dr. Duane Landals: Thank you for that question, Mr. Thompson.

This really brings up the point we were trying to make, that there is a need for a strategy for wildlife health in Canada. We have a partially developed strategy for aquatic animal health. We need a strategy for farmed animal health, and then we need an overarching strategy to see how they integrate.

If each area of interest develops its own strategy, and there is no communication between the areas, we cannot deal with the problem. If we're talking about national biosecurity, where there obviously is a relationship between farm poultry and migratory waterfowl, but the authorities are different—perhaps one is under fish and wildlife and the other is under agriculture—we need to make sure the linkages between the individual strategies are there. That's why we need this high-level, overarching animal health strategy that talks about all animals. Then, specifically within agriculture, we need a farmed animal strategy.

We also need to know how we relate to these other species and the other risks. Truly, it's the same as it relates to human health. We talk about humans as sort of non-animals, but in fact public health is also part of an overall strategy.

The Chair: Mr. Dobson.

Mr. Bill Dobson: Mr. Thompson, thanks for the question about producer ownership. It's unfortunate that I don't have another two hours to answer that particular question. We need to think bigger, not smaller, on the farm ownership thing. We need coordination. We saw exactly what happened with the idea of producer-owned packing plants. We had a hundred different initiatives all over Canada. You toss out a bit of money and they do a feasibility study. The money goes to consultants more than anything, with no coordination on what you're really going to get in the end.

In this province we could own the biodiesel industry if we all got together and had a larger initiative. It really boils down to bucks and coordination.

I know of an ethanol plant in Ontario that took five years to raise enough capital just to get off the ground.

I live by Lloydminster. They announced that they were going to build an ethanol plant there and started construction right away. Raising capital is a huge issue, and you've got to be committed to it. If you really want to see it happen, you can make it happen.

The Chair: Sorry, Mr. Thompson, you're out of time.

Mr. Hubbard.

Hon. Charles Hubbard: Thank you, Chair.

First, I have a general question. We put a lot of money into federal programs. Do you get benefits from them? Are they significant, or is a lot of it smoke and mirrors? We announce millions and billions of dollars. Do they really get down to the level of the producers who could benefit from them?

Let's go to barley, first of all. How does your group benefit from federal programs?

Mr. Darcy Kirtzinger: We certainly benefit. I think what I was here to talk about today was the future of BRMs. As they are today, there is some help, but when I talked about it before, there's this need versus entitlement.

Hon. Charles Hubbard: What programs help you?

Mr. Darcy Kirtzinger: I'm not a barley farmer; I'm a beef cattle farmer, but—

Hon. Charles Hubbard: We have to be careful here, Mr. Chair.

I thought you came here saying you represented 17,000 barley farmers.

Mr. Darcy Kirtzinger: That's where I work; that's not what I do. Well, it is what I do—

Hon. Charles Hubbard: You must know enough about your industry to tell us. Are the advanced payments for planting—?

Mr. Darcy Kirtzinger: They do, but as was discussed earlier, when the margins go down every year and when the basis goes down every year, and you look back and you see that suddenly you're not falling as far as you did.... When there are big spikes, that's when it helps the most, but when it's coming down year after year—

Hon. Charles Hubbard: Mr. Taylor is interested in giving an answer.

Mr. Matt Taylor: If your comment was directed primarily to business risk management, I don't have an answer for that one. That is where a ton of the money does wind up going. But if we look at some of the agricultural crises that have occurred in this country in the last few years, some of them—a few of them—have been animal health related. Where does animal health fit within our federal Department of Agriculture?

That's my full-time job. I don't know who the lead is in the department right now. Is there a program that gives funding to assist the industry in enhancing its capabilities in that area? We're five years on. Unfortunately, as yet, it's not a recognized line item. We could do with your help in this area.

•(1205)

Hon. Charles Hubbard: So your concern really is that we look mainly at disasters, whether that be the avian problem or whether it be BSE, because we don't have a regular program to avoid some of these.

Mr. Matt Taylor: Yes. We have a patchwork quilt. We don't have a strategic approach. We have identified that there are gaps in that patchwork quilt, and we don't have funding yet to deal with them.

The Chair: Mr. Dobson is trying to get in as well.

Mr. Bill Dobson: I just want to say that I think the money that's put into agriculture is well spent. Whether it's all strategically going in the right direction, I'm not sure.

I was asked a question a few years ago by an MP at a reception. He said, "You know, we just gave you \$1 billion. Why are you still complaining?" I muddled my way through the answer, but I have to admit I didn't really understand how big the industry was. I got home and I realized that the grain industry alone was \$15 billion in receipts that year. We could double the price of grain and I still wouldn't have too much money. So I guess my point is that the amount of money you spend is big, but the industry is huge. It's all well received, and believe you me, we make good use of it.

Hon. Charles Hubbard: To go back to Dr. Landals, then, in terms of Health Canada, and the relationship between your group and Health Canada, is it significant enough, or is it a problem in terms of the two groups? Animal health and human health are very closely associated. It's under Health Canada, but do the two groups work closely enough together to determine the best outcome for Canadians?

Dr. Duane Landals: I would say that the Public Health Agency of Canada, seeing as this is a relatively new process, is working more closely than it has in the past. There has been a clear history of having human health and then having all animal health, but I think

we're getting closer together. There is a need to work more closely together and a need to recognize funding for projects, funding for laboratories, those types of things. There's a lot of in-common work that's done; they're not two separate programs. That certainly is an area where duplication could be a waste of resources.

We can always improve, but it's better than it used to be.

The Chair: Mr. Preugschas wanted to get in.

Mr. Jurgen Preugschas: I'd like to answer the question of whether the money gets to me as a farmer. I'm going to talk on the hog side. I mentioned the fact that on the grain side and the beef side, it did come to me. On the hog side, the CAIS program definitely has assisted us, and I think that's good. I agree with Bill on the fact that \$1 billion sounds like a lot of money, but, really, when you spread that out amongst everyone, when you have farm receipts of a couple of million dollars, what does a \$2,000 cheque really change in my life? Those are issues. The dollars that Bill mentioned are really key.

On the health side, the hog side, we are working with the government right now on circovirus—and they recognize that there is an issue—but we need to be quicker on the draw on some of these issues. It has devastated the Canadian hog industry. The circovirus has totally killed some individuals, and two years later we're finally doing something about it.

The Chair: Thank you.

We have extended by ten minutes. We appreciate all of your interventions and your insight in helping us with our discussions and ongoing debate on the future of APF.

With that, we'll suspend for lunch, and we will take 50 minutes to an hour.

The meeting is adjourned.

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