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Chair

Mr. James Bezan

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•(1805)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order. We're going to continue on with our APF hearings across Canada. We're glad to be in sunny Charlottetown in P.E.I. Wayne did a great job of giving us a quick tour on the south side of the island here for a couple of hours this afternoon.

Welcome to the table for presentations for this hour and a half. We have Scott Dingwell, who is with the Natural Organic Food Groups Inc. of Prince Edward Island. We have John Colwill and Mike Nabuurs from the Prince Edward Island Federation of Agriculture, welcome. From the Prince Edward Island Potato Board we have Kevin MacIsaac and Ivan Noonan. A few of our witnesses from the Young Farmers' Association are running a little bit behind schedule, Ryan Weeks and Martin Bernard. Ms. Smith is here to help us out if they do not make it in time.

With that, Mr. Dingwell, perhaps you will kick us off with your opening comments. You have 10 minutes or less.

Mr. Scott Dingwell (Co-Owner, Natural Organic Food Group PEI Inc.): Thank you, Mr. Chairman.

Thank you for the opportunity to present to you this evening. My name is Scott Dingwell. I am a farmer on Prince Edward Island, a co-owner of NOFGPEI, and the current chair of the Canadian Farm Business Management Council. I will be speaking primarily about the Natural Organic Food Group PEI, or NOFG.

NOFGPEI is the former Garden Province Meats, the island's slaughter facility for hogs. The transition from GPM to NOFGPEI was precipitated by Maple Leaf Foods' exit from a majority shareholder position in early 2006. We know this was the beginning of Maple Leaf's major restructuring plans now under way across Canada. This restructuring is not isolated to one company, but is indicative of the major transformations and forces now reshaping agriculture in Canada.

NOFG is actively transitioning from high-volume, low-price commodity markets to differentiated high-value, branded markets. NOFG has created, and is creating, differentiated pork products that can be directly linked to consumers at the retail level.

Much of the reasoning behind this move is expressed in the research contained in the report, *A Maritime Pork Value Chain Assessment*, which has been provided to all of you. The report was prepared by the P.E.I. ADAPT Council, the Atlantic Swine Research Partnership, and P.E.I. Pork Plus.

The key findings in the report, which prefaced some of this move, are as follows.

Marketing contracts are increasingly replacing open markets, and true price discovery is difficult. Larger operations can more successfully negotiate this environment.

The trend to fewer and larger players is continuing.

Livestock production and processing is increasingly mobile. Multinational firms may dominate world production and source and sell globally.

Small to mid-sized producers will struggle to integrate into supply chain structures. Higher revenues may be possible in value-added niche markets. These small to mid-sized producers may be able to capture market access and cost advantages of larger producers by joining networks or alliances, but both of these avenues require a high degree of cooperation and interdependence.

Consumers are demanding novel food attributes beyond safety, such as animal welfare, organics, environment, and food with no antibiotics or that is GMO free.

Wal-Mart and other large retailers have significant effects on retailing. Large retailers can co-exist with smaller niche segments.

And the future growth potential for value-added branded, packaged products is very important.

Current industry conditions are dire. I believe that Willem de Boer and Robert Harding of the P.E.I. Hog Commodity Marketing Board will be outlining current conditions and recommendations from the P.E.I. hog industry in your next committee session.

NOFG, like any manufacturer, is very sensitive to throughput. More importantly, and specific to NOFG, is the point that a branded and differentiated program with regional attributes requires regional supply.

We believe we are at the vanguard of new agriculture. NOFG is using some of the competitive issues that hindered us in the past as assets in this new economy.

One of our greatest exposures is the fact that the industry may not be able to transition to this new economy because of current conditions.

There does need to be an active debate on food production as a matter of national security. It's very easy not to think about this when store shelves are full, and it's too late when they are empty. Not having that answer today, I will confine my remarks to the current next-generation APF working vision statement:

An industry that is innovative in seizing evolving market demands for food and non-food products and services within an environment that fosters prosperity and opportunity for the entire value chain, creating benefits for all Canadians.

This is a statement that NOFG was pursuing before it was released.

So what is needed? It's not enough to say the words; we must take the steps to make the words happen. Words are only ink on a page or sounds in the air unless they are supported by actions, policies, and investments. The current vision statement for the next generation of APF has a lot of parental supportive words within it, but agriculture in Canada is a mature industry that requires partnership, not parenting.

The three main points I would like to leave with you today are that strategic investments must be made to allow transition to these new market economics, we need streamlining of policy and regulation to maintain and enhance competitiveness, and we must allow for regional differences in programming.

Strategic investment, as defined in market development and trade under the next generation of APF, is to make investments in innovative production processes, national systems, and other points of differentiation that are informed by market intelligence. That's excellent. NOFG strongly supports that direction, but we must always find ways and tools to support primary agriculture while it transitions to that new market economy. The markets will fail if they cannot be supplied.

The Agri-Opportunities program announced in January is positive and supportive, but we must challenge ourselves again to remember that one of the keys of that program is to increase market opportunities for Canadian agriculture across the value chain and generate demand for primary agricultural products.

Secondly, there must be major improvements to Canada's regulatory environment. The *Canadian Pork Value Chain: Strengthening Our Competitiveness* report that was released earlier this month—and I will leave this with the clerk—has many good recommendations within it that should be pursued. In order to pursue market-based economies in Canada, we must streamline and raise the effectiveness of its agencies involved in markets and product creation. Label creation has been difficult for NOFG in this circumstance.

Regionality of programs is the third point. It will be very necessary, when dealing with a country as large as Canada, that programs have enough flexibility to account for varying production practices. Programs that have had success in one region of the country have been viewed as unsuccessful in another region. We must have regional latitude when delivering agriculture policies and programs.

In conclusion, there are three points I respectfully submit to the committee.

First, strategic investment must be made to allow transition to these new market economies. That investment must include the primary levels.

Second, we have to have a streamlining of policy and regulations to maintain and enhance competitiveness. Regulation and laws must have parity within the marketplace. That marketplace is global.

Third, we must allow for regional differences within programming. Canada is a large country with very varying practices.

I respectfully submit that all crisis is an opportunity. We must make intelligent decisions when setting targets and goals for the future.

Thank you, Mr. Chairman.

• (1810)

The Chair: Thank you, Mr. Dingwell.

Mr. Colwill, you're on.

Mr. John Colwill (President, Prince Edward Island Federation of Agriculture): Good evening, Mr. Chairman, standing committee members, and ladies and gentlemen. My name is John Colwill, and I'm president of the P.E.I. Federation of Agriculture. With me this evening is our executive director, Mike Nabuurs.

Thank you for the opportunity to present some of our ideas and to discuss topics for consideration on the development of business risk management and other pillars of the next-generation agricultural policy framework.

As you are aware, Canadian agriculture is approaching a crossroads. Canadian farmers are experiencing ever-increasing financial hardship while our counterparts south of the border appear to be experiencing opportunity and growth. This trend must be more closely examined in order to address the long-term sustainability of Canadian agriculture. Some tough questions will have to be asked and answered before we can move forward. The toughest of these is: do we, as Canadians, want to continue to have our food produced in Canada? If the answer is no, then let's begin the process of developing exit strategies for Canadian farmers to exit the industry with some pride and dignity. If, however, the answer to the question is yes, then we must recognize the deficiency and accelerate the process of bringing Canadian farmers on par with our trading partners in the United States and Europe.

The federation of agriculture would certainly prefer to assume that the answer to the question is a resounding yes. There are many opportunities in agriculture, and we must empower Canadian farmers to realize this potential. With the appropriate support and vision from our federal government, the long-term sustainability of Canadian agriculture will certainly be a realistic goal.

We appreciate the funding provided to the agriculture sector by this and previous governments. We must, however, recognize that in many ways these ad hoc contributions are only band-aids to a growing problem. There appears to be a lack of vision or strategy on the part of the Canadian government to move agriculture forward. On many levels, farmers cannot currently make the kinds of proactive changes needed to move the sector forward. Farmers are so focused on keeping their heads above water that they cannot consider the future in ways that would make their farms more sustainable. This is where government must step in with sound policy that will bring us out of the current situation and begin to permit farmers to look forward rather than back over their shoulders for the banker. This strategy must be developed in collaboration with industry.

The Canadian Federation of Agriculture, with its member organizations across the country, has worked hard to come up with a Canadian farm bill that has the potential to address many of these issues. Its three-pillar approach of business risk management, public goods and services, and strategic growth condenses the previous five pillars into three.

Although we may not always agree with the contents of the legislated U.S. Farm Bill, it does appear to provide a level of stability and predictability to the farmer for a five-year period. The federation of agriculture was very pleased to see that government recognized the need to return to a self-directed, contributory-style savings account for the top tier of CAIS, as described in the CFA Canadian farm bill.

The current federal-provincial cost share agreement, a 60-40 split, is part of this issue. It appears that the federal government does not have a problem with paying its 60% share, but the provinces are having increasing difficulty with paying their 40%. What happens in these instances is that farmers are caught in the middle until a suitable arrangement can be made. It is time to revisit the cost share arrangement and come up with a model that places the needs of the agriculture sector first. Is a 65-35 or even a 70-30 split arrangement out of the question?

We recognize the need for the provinces to continue to invest in agriculture, and we deliver that message on a constant basis. However, in the interest of time, farmers cannot continue to be left in the middle while the provinces bicker with the federal government over program affordability. When the ad hoc announcements are made where contributory dollars are required from the provinces, those provinces that cannot pay do not contribute, as in the CAIS inventory transition initiative. Farmers in P.E.I. are left behind while other provinces that do contribute provide their producers with a huge advantage. We cannot have this type of inequality within Canada's borders on a nationally delivered program.

• (1815)

Public goods and services are also an essential part of the Canadian farm bill. If we are to begin to reach parity with our trading partners, we must begin to seriously consider the benefits of paying farmers for the services they provide to the rest of society.

Food safety and traceability are services that provide a sense of security to the general public. The infrastructure needed to provide this service is paid by the farmers. Government must recognize the

need to help farmers implement these initiatives on farms. Depending on the type and size of farm, the cost for food safety auditing and equipment can vary widely. It's anywhere from \$1,000 to as much as \$15,000 annually. If we use an average of \$5,000 and assume there are 250,000 farms across the country, this works out to an annual cost of \$1.25 billion that agriculture will pay for food safety and traceability. Farmers cannot retrieve these costs from the marketplace, and help is needed.

I'd like to remind the committee members that the Wayne Easter report, "Empowering Canadian Farmers in the Marketplace", recommended the following: "That society bear the cost when farmers are required to take actions that benefit the public at large. These activities include producers undertaking environmental farm plans, on-farm food safety programs, alternative use of land for environmental preserves, trails and greenbelts, and carbon sinks to reduce the emission of greenhouse gases."

Ecological goods and services are another example of the need to pay farmers for the services they provide to society. Farmers are answering the call of environmental responsibility, and they are making investments on the farm to improve and sustain soil, water, and biodiversity.

I'd like to give you a quick example. In 1998 a community pasture of 3,000 acres on Prince Edward Island was faced with the option of the possibility of going out of business or totally fencing their livestock from streams. The directors decided to do an environmental farm plan and proceeded to implement the plan. By 2001 all livestock were fenced out of those streams. The project included over 17 kilometres of new fences along streams, moving corrals, building shade structures, drilling 12 new wells, installing electricity to those wells, and burying over seven kilometres of underground pipe to 30 cement-tank watering stations. The total cost was in excess of \$200,000.

The question is this. Who benefited from that project? The answer is obvious. Everybody benefited. The thousands of people who live on that watershed, the livestock, the fish in the stream, the shellfish in the bay, the environment, and the wildlife all benefited. As producers, we also benefited, but at what cost?

Initially our share of the cost was around \$70,000, but we also have significant annual maintenance costs to repair fences, blow out water lines, maintain and repair electrical pumps, etc. This is only one of hundreds of examples of similar activities that are implemented by island livestock and crop producers on a yearly basis.

The question is this: how long can farmers continue to pay for these costs for the benefit of all society? These investments should be supported by public funding.

Strategic investment and looking to the future is the final piece of this puzzle. There are many areas that could be discussed here, but I'll just touch briefly on three.

Sufficient processing capacity for beef and hogs is critically important to the future success of these sectors in the Atlantic region. Atlantic beef products incorporate a national organic food group and have significant producer and provincial government investment in them. Both are in need of additional investment to attain new markets and reach efficiency targets.

The current trend of ethanol production and the U. S. subsidization of corn are driving feed prices up and leading to a critical situation in this livestock sector. If livestock markets rebound to match these increasing feed prices, this may become a positive for the entire agriculture sector. But until that happens, the livestock industry is facing a critical waiting period.

With this in mind, if we move to a greater production of crops for alternative energy uses, we must ensure that long-term sustainability is based on sound economics and science. We must remain innovative and ground-breaking. But without adequate research and development, it is difficult to stay on the leading edge. Government must place greater resources into research and development.

- (1820)

As you are aware, nitrate levels in groundwater in P.E.I. have reached levels of concern. As farmers, we also have serious concerns and we have pledged our cooperation to find solutions. Nutrient management planning is one tool that can help. But to implement nutrient management plans, producers have to have confidence in the information they use to match crop inputs with crop requirements. Professional resources will be required to develop individual plans, and more local relevant research and information is needed.

To conclude on a positive note, we are very encouraged by the number of new entrants to agriculture in P.E.I. during the last few years. They add enthusiasm and optimism to the agricultural industry and to our rural communities. The Province of P.E.I. can take some credit for this trend, with an excellent five-year program that links training to an interest subsidy. That program is about to expire, and funding at the same level may be an issue.

I urge the Standing Committee on Agriculture and Agri-food to become familiar with this program and the positive impact it is making on agriculture. Cost-sharing future farmer programs on P.E.I. and possibly in other Canadian jurisdictions would be a worthy investment in Canada's future.

The P.E.I. Federation of Agriculture appreciates the opportunity to speak to this committee. We look forward to the positive outcome of our discussions.

Thank you.

The Chair: Thank you, Mr. Colwill.

Mr. MacIsaac, you're on. I understand you may not be able to stick around very long.

Mr. Kevin MacIsaac (Chairman, Prince Edward Island Potato Board): Good evening, Mr. Chairman, committee members, and ladies and gentlemen. We do have another meeting after this one, but we'll do our best to go through this presentation to you.

We appreciate your invitation this evening. My name is Kevin MacIsaac, and I'm the chairman of the P.E.I. Potato Board. Ivan Noonan is with me this evening; he's our general manager.

In the short time we have, we'd like to share with you that P.E.I. certainly is the largest potato producing region in Canada. We produce over 25% of the potatoes in the country and approximately 35% of the total seed production. About half of all the seed potato growers in Canada farm in P.E.I. Our potato acreage peaked at 113,000 acres in 1999 and has decreased by 14%; it is down now to 97,000 acres for 2006.

Our seed potatoes and fresh potatoes for processing are shipped to over 30 countries around the world, and that includes markets as diverse as Thailand, Turkey, and Uruguay. Close to 60% of our crop now is produced specifically for processing into french fries, potato chips, dehy, and other value-added products. The value of seed, table, and processed potato exports from P.E.I. over the past five years was over \$1.2 billion, and this doesn't include the value of shipments to Canadian markets.

We realize there have been many consultation sessions over the past few years on the APF, and we participated in them, including the session in P.E.I. on February 19. To be blunt, we do not feel that the first APF has done much to assist with the stated goal of helping "the sector chart a course to continued prosperity and profitability". We should qualify that statement: perhaps the sector is more prosperous and profitable, but we as farmers definitely are not.

In terms of business risk management, we went backwards when we lost NISA and ended up with CAIS. I know some politicians and government employees felt that NISA was simply a retirement program, but here in P.E.I. it was working as intended, and in good or relatively reasonable years, we built up our NISA accounts. When we hit bad years, either as individual farmers or as an industry, we withdrew funds from our accounts to stabilize our farms, and that's the way the program was intended to work. CAIS does not do the same, and many of you know the problems with that program.

In terms of the other APF elements, in terms of food quality and safety we worked through the Canadian Horticultural Council to develop an on-farm food safety program for potatoes. It was a very long process. It received technical approval from CFIA; however, not a cent of the millions of dollars of national funding that has been repeatedly announced by the government has been made available to potato farmers to implement this program. We are implementing it now because our buyers are demanding it; they will not pay extra for it, but they are demanding it, and we will have to do it. We've been told that eventually, after another long approval process, our growers will be eligible to receive \$750 per farm to assist with implementing these costs. Really, that amount is an insult.

The food produced by Canadian farmers is safe and was safe before APF made it a priority. Nonetheless, in this country imported produce that does not have to meet on-farm food safety program requirements is sold to Canadians, and we see this as very unfair.

In terms of science and innovation, we're not really sure where these funds or resources from the APF are directed, but we see cutbacks in terms of the research that we need to help us remain competitive as producers. Most of the researchers who work on potato issues on P.E.I. have retired or are retiring soon. They have not been replaced, and we've lost touch with our research people: for the most part, the work they're doing is not relevant to our needs. It's a very sad situation indeed.

In terms of the environment, one would think that the efforts in this area of the APF framework would be designed to assist farmers in addressing environmental issues. This definitely has not been our experience in the province; instead, dollars from the agriculture budget have been provided to Environment Canada to do research that actually has blackened our image in this province in agriculture, and in the potato industry in particular. When Environment Canada provides the environmental extremists, as I call them, with copies of its potato research first and does not discuss the results with our industry, we think there's a major problem. The public, however, trusts Environment Canada to provide good science-based information to Canadians. We did, as well, before our eyes were opened by some of this kind of work.

- (1825)

In terms of renewal, again we haven't seen a lot of evidence here in the province. I'm sorry to sound pessimistic, but it appears that while we try to convey our concerns through the regular consultation process, they're not necessarily reflected in the decisions that are made in Ottawa in the very end. We're being honest with you, and we hope you will hear our concerns and know that they are real.

Rather than talk in the language of the APF 2 elements being used in Ottawa, we'd like to now tell you about some of the things we feel must be addressed if we are to have a chance at a prosperous and profitable farm sector.

We need a business risk management program that really does stabilize the industry at a level where there is a hope of recovery from whatever shock that causes farm income to fall.

We also need a compensation program for the potato industry that will help us deal with a disease or pest detection of quarantine significance. As you know, we've been through the potato wart

crisis, which devastated our producers, and a much smaller number of potato producers in Quebec are now going through the potato cyst nematode crisis.

The response from the bureaucrats is that we have safety net programs that will address the losses, but they're simply not effective, and we need to address the long-term losses of property and income that can occur under these circumstances.

We need a true commitment to dealing with trade barriers, including phytosanitary barriers to trade and negotiating market access. Over the past few years, the United States has negotiated several bilateral trade agreements with countries that are or used to be major export markets for our potatoes. Tariffs are rapidly disappearing for U.S. agriculture products into these countries, while the tariffs that apply to Canadian products remain high. When you add in aggressive market development, support, and financing terms that U.S. growers and exporters receive from their government, we lose ground very quickly.

We realize that Canada chose to focus its efforts on the WTO, but while we're doing that, the U.S. and other countries have developed bilaterals that can achieve similar results in key markets.

We need federal support to truly fight foreign governments that refuse to live by existing international trade and phytosanitary rules. For example, Venezuela used to be a very important market for P.E.I. seed and table stock potatoes. We shipped over 1 million hundred-weight to that country annually. However, when the current president came to power, Venezuela refused to issue import permits for Canadian table stock potatoes anymore. Our trade officials tell us that this is illegal, but it has now been several years that we have been unable to ship our table stock potatoes there. It's not a good situation.

Another case in point is Russia. There was an extensive drought in Europe this year, and potato production was badly impacted throughout the continent. We had an abundant crop in Canada, and the European situation looked like it would lead to strong exports. To date, our export shipments are somewhat higher, but nowhere where they should be. Why? Because we have an inability to access these markets.

We've been trying to ship to Russia since early fall, and despite the assistance of Wayne Easter in raising the issue federally, we're still shut out of there. We've been told there are no phytosanitary or plant health reasons for this. Indeed, we've shipped potatoes there in the past, but no one in Agriculture Canada or the CFIA seems to be able to identify the root cause for refusal to grant import permits for Canadian potatoes.

In terms of innovation, we'd like to see the APF support an innovative approach to improving farm viability, which we have been involved with here in P.E.I. Like many sectors of agriculture, the North American potato industry is very integrated and when we have surplus production in either Canada or the United States, it results in poor returns for potato producers on either side of the border. Certainly this was evident in the 2003 and 2004 season.

United Potato Growers of America initiated potato acreage buy-down programs in its member states in the spring of 2005 to prevent surplus production. P.E.I. has worked with them and also initiated potato acreage buy-downs for the 2005 crop in our province. Through our grower-funded program, we bought down close to 9,600 acres of potatoes. We've also strongly encouraged other potato-producing provinces to plant only what is required to meet known market demand.

While this was happening, we also fostered closer ties with the United Potato Growers of America. United Potato Growers of Canada was formed in February 2006. To date, our membership represents over 96% of Canadian potato production. The members so far include almost all provinces, with the exception of Nova Scotia, which is very supportive but it is a very small province. Other than that, we have good support from the other provinces.

● (1830)

We've signed a North American potato cooperation memorandum of understanding, and so in addition to reducing the supply of potatoes, we're sharing some real-time information in terms of our markets and pricing in order to maximize our returns. I would have to say the level of cooperation between potato growers across the border is truly unprecedented. Your trade officials can attest to the improved relationships in discussions at the Canada-U.S. potato meetings and negotiations that have resulted from these cooperative efforts.

At home here in P.E.I., we also instituted a second grower-funded program to buy down acres for 2006. We bought down close to 8,500 acres. Yes, we're getting there. United Potato Growers of America has also reduced considerable acreage in their country as well.

A word on the environment. In our initial program to buy out acres, we were looking to reduce our acreage by 10,000 acres, and we felt this would be a reason to do it in terms of the environment in that less slope land, less marginal land, would be used; less fertilizer and crop protection would be used as well. Also, the economics, of course, would mean more returns for producers. However, in a nutshell, when potato producers tried to implement this program, we went to the provincial government and the federal government for funding assistance and we were unable to get assistance in developing this program. This was certainly a big disappointment

because it was a benefit not only to our province, but the other provinces as well.

I could raise many other items, but in this short period of time, I'd just like to add two final comments. You have an important role in this committee, and we really have to try to improve the policy framework for agriculture in this country if we have any chance of a viable Canadian farm sector in the future. I would ask that you be flexible. Sometimes programs that work well in the west do not work well in the east.

Thank you very much for the opportunity.

● (1835)

The Chair: Thank you, Mr. MacIsaac.

Mr. Weeks, Mr. Bernard, welcome to the committee. Who's going to lead off your presentation?

Mr. Ryan Weeks (Vice-President, Prince Edward Island Young Farmers' Association): Thank you for having us here today. I'd like to apologize for our tardiness.

It has been our pleasure, as a young farmer group, especially at the Canadian Young Farmers Forum, to have the opportunity to be before the Standing Committee on Agriculture and Agri-Food in the past, especially during this past trip to Ottawa, at our annual meeting. You have probably touched on some of our topics already, but I'll continue with them.

I'd like to introduce Maria Smith and Martin Bernard, and I am Ryan Weeks. We are the people who put this project together.

The P.E.I. Young Farmers' Association issues and opportunities are the vision for the future of Canadian agriculture, low record farm revenues, moving beyond efficiency and innovation, declining numbers of farms, barriers for new entrant farmers, and requirements for future and current programs. This is our outline.

What is the vision for Canadian agriculture from 2015 to 2020, and what is the importance of a unified vision? We feel it is important to have a unified vision because it reduces political distortion from election to election. It also provides direction toward specific goals rather than trying to move money in ways to make things look good. We'd also like to focus on whether we're going to export or import and how much of each we intend to lean toward. Also, who should be involved in this vision?

We feel it's important for young farmers to have a spot on committees, on planning organizations, and any of the programming committees that are set up. We'd like to see a little more involvement in that area. We commend you for what you've done so far. We think this is a step in the right direction.

We also think it's important to have experienced farmers on those committees. This provides experience and knowledge that maybe we haven't experienced yet or that could save us some mistakes in the future.

With respect to record low farm revenues, commodities will result in potentially reduced gross income, currently and in the future. Farms in low-income situations cannot afford to exit failing industries with such high debt levels. Low-income effects go further than the farm gate. Legislation against loss-leader products at a retail level should be in place. This would maybe help return a fair share of the dollar spent on food in this country to the producer. Also, value chains would allow an increase in revenue to all stakeholders.

We think it is important to move beyond efficiency and innovation. Today's farmers are innovative and efficient in their farming practices, and they continue to evolve in being so. Actually, you can give credit for this to the low farm incomes, because it has forced farmers to be as efficient as they can be to survive.

With respect to the next step, well, if it continues this way, we'll either have to become differentiated in our products or move to large-scale commodity-based conglomerations, which might head toward multinationals owning them and farmers working them. I don't think that is in the best of Canadian agriculture.

I think declining numbers of farms linked to record low incomes and lack of vision is where we see that tied in. That vision of 2015 to 2020 is not there. Australia has it, but why don't we? The States has a five-year Farm Bill that's up for grabs in Canada. Actually, the CFA is working on one as well. I think this is an important tool.

- (1840)

The average age of farmers is actually down to about 58, I think, which is not that young. The number of farms since the 1960s has decreased by half, from 500,000 to 250,000 farms, and they are increasingly subsidized by off-farm income. No one wants to work off the farm. Anybody who works off the farm doesn't want to work off the farm; it's just a reality we face today.

Barriers for new entrant farmers include high input costs, high collateral requirements to access financing, and limited programs relevant to a wide range of young farmers. Similar programs, like the P.E.I. future farmer program have interest rebates and training. This is a step in the right direction.

CASS is not quite meeting the requirements for advancement in agricultural training. I have a lot of friends who are single today and married tomorrow, and they seem to miss out on the opportunity, yet they haven't moved up into the kind of income bracket where they are totally secure. They're still in the same position as I am in, maybe with the same expenses or more.

Requirements for future and current programing include the inclusion of young farmers on planning committees; including the future in the planning of the future; having federally funded, provincially administered programs monitored for consistency; and having efficient administration of programs. We've seen this, maybe, with CAIS. I hate talking about CAIS too much, because everybody's heard a lot about it over the past few years. There are some changes being done, so that's going in the right direction.

We'll just round off here with requirements for future and current programming. Programs to protect farmers in case of uncontrollable factors that may occur, such as natural, economic, and international disasters, should be in place. There are some. Disaster assistance needs to be adjusted from the typical 60-40 federal-provincial split to a 90-10 split. Whenever you have a disaster, you're in trouble. Whenever you're just doing day-to-day changes or preventive maintenance, you're not in trouble. They do it with households and townships. I think maybe we should look at that for agriculture.

In conclusion, I'll give an overview of what was discussed here today.

The biggest thing, I think, for Canadian agriculture that will solve all these problems is a vision.

I was at the APF meetings in Quebec City, the renewal meetings. I talked to a gentleman there, and he was talking politics a little bit and kind of wondering what was going on. He said he was not sure where we're going to go, or something like that. Anyway, he made the comment: do we know where we're going to go as an industry, and could you honestly tell me what tomorrow holds, or what five or ten years from now holds? That's where we need to focus. Band-aids work today, but preventive maintenance works for years to come. With that in place, I think a lot of these troubles could probably be worked towards and overcome. It would increase farm revenues.

We need to decide on steps beyond efficiency and innovation, slow the rate of declining farms with increased farm income stabilization—once again, a vision of an industry that's strong, not funded. No farmer wants to have to go to the mailbox to get a gratuity; they want to get paid for what they do.

- (1845)

On the development of programs for new entrant farmers, the P.E. I. future farmer program is a pilot program that's well accepted. I sit at AGMs for Future Farmers across Canada, and they love it. Everybody sits there in awe of P.E.I., because the assistance—the training assistance, the financial assistance—and just the focus is there.

Once again, just to touch on the disaster assistance, it should be 90-10 federal-provincial.

Thank you for your time. We appreciate it.

The Chair: Thank you, Mr. Weeks.

Maria was looking a little concerned that she was going to be making the presentation, but you arrived just in time. With that, we'll open it up to questions. We're going to stick with five-minute questioning periods.

Mr. Easter, you're on first.

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

First of all, I'd like to welcome the committee to P.E.I.

I think from the witnesses you've heard, you should know that agriculture is the number one industry here, and what happens in agriculture, positive or negative, flows in the same way throughout Prince Edward Island society. There is no question about that.

Because we had about an hour to spare, we did take a drive out, so we've seen a potato wart field and the restrictions that are on that particular field.

Anyway, I have a few questions, and I thank you all for coming and laying out your presentations.

Across the board, there seems to be a view wherever we go that companion programs are necessary, that there needs to be regional flexibility. I'd ask you to quickly comment on that, because it hasn't been the direction of governments to go with companion programs. We've been moving away from that. Does that need to be rethought, and do we need to reinstate flexibility for companion programs?

Secondly, I think Scott, or it might have been John, mentioned the figure of \$1.5 billion—you can correct me on that figure if I'm wrong—just on food safety and traceability alone. The U.S. is a lot more strategic in that area than we are. They develop programming that's green, whether it's environmental, food safety, or whatever. What we do is seen as a subsidy.

Maybe the potato board guys could tell us what it costs for CFIA inspections in this province. If that was paid for, it would make a huge difference. It's a food safety issue. It shouldn't be a farm cost. If the federal government would take responsibility for some of that programming in that area of cost, it would help the bottom line and wouldn't be seen as a farm subsidy.

The third point I'd like you to respond to is on the whole trade issue that a few folks have brought up, and we've heard it elsewhere. I don't know why, but in Canada...and I've worked on this Russia potato thing; there is no reason that is not settled. Do we need to be looking at something like a quick response team that has certain individuals from agriculture, from trade, and from wherever else committed to doing nothing but dealing with our trade problems so that they're on it, right off the bat, and if they had to go to Russia to deal with it—the CFIA, and so on and so forth—it would be done with quickly? Trade is our bottom line in terms of selling these products. When we produce them and can't sell them, it's no good to anyone.

Those are my three questions.

The Chair: I'd ask everybody to keep their comments very brief.

Mr. Noonan.

Mr. Ivan Noonan (General Manager, Prince Edward Island Potato Board): I'd like to respond to the cost of inspection. We were always told that as soon as the door was cracked open, inspection fees would continue to rise, and we showed how indeed they would, that as inspection fees rise on seed certification and other things, fewer people would participate. It's a proven fact.

Continually, CFIA and Agriculture Canada have worked against us as growers on that. It costs \$120 to \$150 for a load of potatoes to go across the border. That's a big fee. They've left us at a point where now we're trying to give up something of what we need here in Canada to protect our Canadian growers, in order to get rid of that fee, through negotiating, through ministerial exemptions or marketing orders. It's constant. At Industry Canada and Trade Canada, we've had three, four, or maybe even five people just constantly going there and negotiating something, providing our input, and you'd swear you were at a different place.

I think, Wayne, you used the term “corporate memory” as being almost gone there a few years ago. Well, it's really gone now. We have nobody there to really represent agriculture. We have people coming, people going, people acting all the time. We need some stability in that system. We need some of the on-farm food safety thing. We need funding. That's all green, or orange, or yellow, or whatever you want to call it, where the federal government could help these growers and indeed have no repercussions.

The U.S. are very adept at doing this. They put millions of dollars into their marketing programs for french fries and fresh potatoes. They'll send potatoes from Colorado with free freight into Uruguay.

In our markets, we were major players in 30 countries around the world, and now we're all but starving to death because we have nobody working for us and no consistency, no one fighting for us for the phytosanitary programs, and I could go on and on.

I'm sorry to be so long, but we have a major problem in the federal system with our agricultural programs. Before, when they were preaching \$20 billion by the year 2000, at least we had some support. That seems to have disappeared in the last few years.

● (1850)

The Chair: Does anybody else want to answer some of Wayne's other questions?

Hon. Wayne Easter: On this one, Mr. Chair, though, for a minute, should the public be paying the lion's share of those costs rather than farmers or not? Even in Scott's area, where they're picking up a lot of the costs in terms of new plants, if it's possible for the government to pay it and be green, why shouldn't we do it through the Government of Canada?

Mr. Ivan Noonan: Definitely, it should be. Unfortunately, on this much-used term "value-added", the growers have become very resourceful. And this whole supply chain, and the whole thing, is just that; it's a supply chain, and after everybody else gets their commissions and their brokerage and everything else, the farmer gets what's left. It's a very sorry state. And if we want to continue to receive our food from other countries, that's exactly what's going to happen.

Somebody, other than Mr. Easter and a couple of others in Canada, has to take it by the horns and carry this thing forward. We genuinely need help. We saw it in potato cyst nematode. We cut the path, unfortunately, with potato wart. We worked with our people in the U.S. and that made potato cyst nematode for Quebec and in Idaho work together. That may not always be the same, but we need more than just lip service from the federal government. We need support and we need them to listen. We need you guys to carry this message back: that they have to pay attention to what the growers in this country need. It's absolutely imperative that it happen, because there's going to be nobody left to feed us.

The Chair: Thank you, Mr. Easter. Your time has expired.

[*Translation*]

Mr. Bellavance, please, for five minutes.

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you, Mr. Chairman.

Thank you for your comments. They are most interesting. I can see a sort of trend in the east. In fact, we have not been to Quebec or Ontario yet, but I can already tell you that people share your concern for more flexibility in federal programs. We shall see what other presenters will have to say about it. However in the east, we have noted the same will as expressed by Messrs. Dingwell, MacIsaac and Weeks. People want more flexible programs, federal programs more focussed on regional priorities, particularly in the area of risk management.

In the west however, the point of view is different. You spoke about a vision for the future. My question is mainly directed to the people I mentioned before: Messrs. Dingwell, MacIsaac and Weeks. According to what the three of you said, it is important for the federal government to offer flexible programs. As for the vision referred to by Mr. Weeks, do you think this would be the answer, or at least one solution — since it is always difficult to have such a degree of certainty when planning for the long term — that would guarantee the viability of agriculture?

• (1855)

[*English*]

The Chair: Mr. Dingwell, do you want to go first?

Mr. Scott Dingwell: Thank you.

I would second Ryan's comments that without the vision or a target to aim for we cannot make decisions today. We cannot possibly make decisions without knowing what the end goal is to be. There are really serious questions about ag policy in Canada. Are we an exporting nation? Are we a supply-protected nation? Are we focused on a cheap food policy? Are we protecting future food supply? Those are the first questions that must be answered by this government and by this committee. When we have the answers, we then can quite easily design programs and goals that will lead us to that end vision.

On regional differences, absolutely, our country is great and it is wide and it is large. What works for 10,000-acre grain farms in Saskatchewan does not work for 50-sow farrow-to-finish farms in P. E.I. There are different needs. I recognize that standards and principles must be met and matched across a national program, but we absolutely have to have the flexibility to create programs that will meet those regional and production variances that do exist in a country this large. It's easy to design a program for Ontario or Quebec or Saskatchewan or even a program for P.E.I., but in a national program we have to recognize the scope of the country. Vision is critical, and regionality is simply a function of the size and the variance of our country.

The Chair: Mr. MacIsaac, do you want to respond?

Mr. Kevin MacIsaac: One of the big issues in the regions in our industry is transportation. When we lost the Crow rate assistance it made us uncompetitive. The Toronto market has been a big one for our industry over the years, but we're basically looking at 40¢ a tin to get that product to market, and that's not competitive compared to somebody growing the product in Ontario right next door.

So in regional programs we have to take some of that disparity into consideration. We're a long distance from a marketplace, and I think we need to keep that kind of concept in the back of our minds as we're doing these programs.

The Chair: Mr. Weeks.

Mr. Ryan Weeks: Maybe I'll add to what I discussed earlier about the vision for Canadians.

I have to apologize, André. I missed the first part of your comment.

[Translation]

Mr. André Bellavance: In fact, this has just been answered. I mentioned you since you said it was important for federal programs to offer some flexibility in the area of risk management and to adapt these programs to regional characteristics. This idea seemed interesting to me as coming from a person representing young farmers. This is something worth remembering when planning a coast-to-coast program that in the end may prove not to be adapted to regional and provincial specificities. Since you mentioned that we must have a vision — and I think it is interesting to remind it — in order to prepare a future for agriculture in Canada, I am wondering if this is not one of the important solutions we have to consider if we want to build a viable agricultural sector in the future.

[English]

Mr. Ryan Weeks: As for solutions to the regional differences noted today, I'm maybe young to present some that are suitable, but the other young farmers in my group and I are definitely open to working towards this.

Having a vision of where we're going is definitely important. If I don't know what to plan for tomorrow, how can I do the best I can for Canada and agriculture in Canada, and not have to rely on the government to protect me? If I have a vision of where Canada wants to go with all agriculture, maybe I can find where I fit in, be secure, and not have to worry about the next guy coming to push me out.

• (1900)

The Chair: Thank you.

Mr. Devolin, you're on.

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thanks, Mr. Chair, and thanks to everyone for being here tonight. It's a lovely evening out there. I'm sure there's work you'd like to be doing back home.

I'd like to talk a little further about this issue of regional variation and flexibility at the provincial level. I'm sure most of you are aware that in Canada, constitutionally, certain jurisdictions are given to the provincial governments—health care and education, for example—and others are given exclusively to the federal government, national defence being the most obvious example. But there are others, like agriculture, that are actually shared. So constitutionally it's a shared responsibility between the federal government and the provinces. It's something I think people across the country struggle with.

Regional variation is good when your commodity is being treated more proactively in your province than somewhere else. The flip side is that in Ontario, for instance—and I'm from rural eastern Ontario—there are producers who are competing with farmers in Quebec who benefit from a more generous program in Quebec than we have in Ontario. So those farmers are crying foul, saying, this isn't fair; it's bad enough I have to compete with Americans, who have a more generous program, but now it's even within Canada.

So I think that's the other side of this issue, which is that in Prince Edward Island, for example, obviously potatoes are a major crop and that's something for which this province would probably be in the lead in terms of programs. But if you were producing something else that tends to come from somewhere else—I think we saw that

recently, when Alberta topped up some of these 60-40 programs immediately and other provinces could not.

So here's my specific question regarding Prince Edward Island. As a small province with a relatively small population, with the cost of developing a large range of programs to service a large number of sectors in the agricultural community, particularly some of the smaller ones, is the provincial level the best place to do that? We chatted earlier today that possibly the federal government should play a larger role in these areas, including the dollars to make sure there's a level playing field across the country and that we can compete internationally.

Scott, you were the one who raised this issue initially. I wonder if you have any thoughts on that. The government is going to be working on some replacement programs here. Do you have any thoughts you'd like on the record?

The Chair: Mr. Dingwell.

Mr. Scott Dingwell: Thank you.

P.E.I. does have to acknowledge its size in this issue, and there are some limitations. I think I am aware that in the original APF, Newfoundland's funding was provided en masse, in which they were allowed then to provide the scope and difference to the programs, which gave them a freedom to provincially isolate and target the issues that were particular to Newfoundland. That may be an avenue we wish to pursue.

As for the difference between Ontario and Quebec and unfair competition, the simple answer would be for Ontario to match that funding. That could be—

Mr. Barry Devolin: That's what the farmers say.

Mr. Scott Dingwell: That's what the farmers say? Well, I'm sorry, that's what I am.

But that parity does have to be brought forward somehow. It shouldn't be a bad thing that there is more funding in the system, and that's a question that we have to ask ourselves, why and how that is becoming the issue.

I'll go back to one of my original comments, that the debate on food supply as a national security issue is present in my mind. I think the potato board and several others of the presenters have mentioned it in passing. But it is of critical importance to know, if we wish to be self-sufficient in food production, we will have to find a path or a way to work through regional differences and maintain our rural economies and our rural production systems.

I don't have the exact answer for your question. I do very much wish to again acknowledge the need for those regional differences to be emphasized, with the acknowledgement that the last program created some problems when they were not fully recognized.

•(1905)

The Chair: Does anybody else want to pick up on that? Just a short response, though, because Mr. Devolin's time is almost up.

Mr. Mike Nabuurs (Executive Director, Prince Edward Island Federation of Agriculture): I think it's a mindset that we have to get our minds around. I'll provide one specific example, and I think this is specific to the way the program was developed and delivered. But the grains and oilseeds payment program in P.E.I. had a flaw in it federally. Federally, the way grains were recorded on farmers' tax returns, they were not recognized as eligible payment, whereas they were across the rest of the country. We worked very hard to have that finally changed. So it was a line 39 item, where grains were recorded under pellets, silage, or screenings. Because there aren't any of those items on P.E.I., farmers were recording their lump sum grain sales on that particular line. Because that was excluded from the program, P.E.I. farmers did not receive that payment.

It was very simple for us to point that problem out in the program, but there was a simple roadblock and unwillingness to recognize that difference, and they would say no, that's the way the program is and we're not changing it; I'm sorry. We fought and fought, and finally, ultimately, we did get that changed and there was some just action taken.

My point here is that there needs to be a recognition that one program doesn't necessarily fit the mould across the country. If you work with the associations and the sectors in each province, I think there are ways to come up with methods that can address those differences.

The Chair: Very quickly, Mr. MacIsaac.

Mr. Kevin MacIsaac: To address your concern about provincial versus federal recognition, as producers we're always caught in the middle of this. Is this a federal program or is this a provincial program? Who gave the funding for this? Really, as farmers we'll acknowledge publicly where the funding came from, and I don't think governments need to get us caught up, as they do, in whose particular program it is.

When we met with Minister Chuck Strahl and asked for support for our buy-down program, he was concerned about what would the provincial department be doing, what would Minister Jim Bagnell be doing. Likewise, when we met with him, there was a concern about the federal minister. We're just caught in the middle of this. Just provide the proper funding, and we'll give the proper recognition for it.

The Chair: Thank you.

Mr. Atamanenko.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thanks for taking time to be here. It's a pleasure again to visit your beautiful province. Thanks to Wayne for the tour. I really enjoyed that before we came here.

I have a question for the young farmers. I know farmers. I know young farmers. I have relatives who managed that inherited farm, that inherited machinery; they didn't start off from scratch and they're having a hard time. My cousin was working off-farm, and she and her husband are what we would call successful grain farmers.

Is it actually possible for someone who wants to enter farming to finish college, get a diploma or a degree—or even without that—and to start farming? you mentioned that there is a future farm program here that's the envy of other parts of Canada. Is it possible to do that in Prince Edward Island? How does it overcome the horrendous cost of machinery, and of fertilizers, and all of the other costs?

I would like to get some ideas from you folks on that.

Mr. Ryan Weeks: Thank you for your question.

It is becoming increasingly more difficult for young farmers to get into farming. It's apparent because you see it everywhere, whenever you talk to anybody in our group. Any young farmers or young people coming home from college are faced with a large debt in order to expand to accommodate two people at home. It's difficult.

I'm going to start again here. We'll go to the future farmer program.

The program has treated young Island farmers very well in the past four and soon to be five years. Interest rebate assistance is prorated according to education level. It actually gives an incentive to young people to finish school rather than quitting school to come home and farm. It kind of cuts their "kick at the can" a little shorter, so to speak; it limits their potential if you don't provide this incentive. That's not to say everybody will quit school if it's not there. There are currently 170 young farmers enrolled in the program.

This program is also used for training assistance. Up to 50% of the eligible costs are covered, including travel, accommodation, and actual course costs. I think it's a very useful tool.

As a criterion for this, business plans need to be conducted. A business plan never hurts anybody. I think it's a very important tool to plan and have a vision for your farm and to see where your vision fits into Canada's vision of agriculture.

I'd also like to suggest that if this program is implemented nationwide, it needs to be implemented at a federal-provincial level, with maybe a 60-40 split. It's the kind of program to build on agriculture, not a disaster type of situation. I think it would free up provincial money for other assistance for innovation and to do research that may move the industry forward.

•(1910)

Mr. Alex Atamanenko: Can I interrupt you for a second?

I'm going to tackle this from another angle. We're talking about training, and we're talking about assistance. Most students who finish post-secondary education have a debt of some kind. It's hard enough when you have a "normal job". If a young person wants to buy a farm, sit on a tractor, and do all that has to be done, is it possible without having some kind of a family base to get going? If it's not, then what should we do to help stimulate agriculture among your generation?

The Chair: Ms. Smith wants to get in on this. I'll let Ms. Smith comment, and then Mr. Dingwell has a comment.

Ms. Maria Smith (Prince Edward Island Young Farmers' Association): I can use myself as a prime example of trying to get into farming.

I grew up on a large hog operation. My father started out very young. He built up the operation, assuming that the sons would take over. The first son started, but realized that he couldn't make any money at it. The second son tried to do it. He ended up quitting school to do it. He applied for the future farmers program, but couldn't get the large interest rate because he had to leave high school for the farm.

I got into the dairy industry about six years ago and I've been working for an employer who's highly recognized in the genetic industry. They have been able to pay me based on their income, because their industry is supply managed.

The point I want to make is that I want to be a dairy farmer. How do I become a dairy farmer? I don't have any equity. I don't have any land. How is the government going to help me start my own farm? How am I going to access money to buy quota? How am I going to access farmland and pay the debt load and the interest and all that sort of stuff?

If you ask young people if they want to be involved in the agriculture industry, what do you think they're going to say? Of course not. There's no money. They read the papers. They know the agriculture industry is not viable because we don't have a vision.

I think the future farmers program is a step in this direction, but we need to see interest-free loans for people starting out in the business. And that doesn't mean only dairy. That doesn't mean only beef or grains.

The point is I am a very...I'm not going to say intelligent young woman, but I have aspirations. And I have a passion for agriculture. I recently got a new job that has to do with rural development. But where do I want to be? I want to be in agriculture. I want to help us through this crisis, because we need to get through this crisis.

I grew up in this industry and I want to help my family farm get back on track. I don't know how we're going to do that, because we're in a financial situation right now. As you can tell by my voice, I'm shaky because this is how much agriculture means to me. I want to get through to the committee members because I still feel the APF's two consultations didn't meet what we need to address, and that is the prices at the marketplace.

Wayne Easter's report, "Empowering Canadian Farmers in the Marketplace", addresses all these problems. We need to address how we are going to get farmers' money back in their pockets.

We've got to look at Loblaws. We've got to look at Sobeys. We've got to approach this on a retail level. We need to introduce price floors. We need to do something so we know we're guaranteed a price and we're bringing home money to the farmers so we can produce food for Canada. I don't know what else I can say.

I am glad the committee came here to P.E.I. I have been to the CYFF on the national level in Ottawa. I sat down with you folks, and

I thought that was very beneficial. Coming here and going to each province in Canada—we all have different needs—and taking on the question of regional and provincial needs.... Out west, they're larger in the wheat sector. We have a smaller base here. Those programs need to meet us in different ways.

In closing, I'd just like to thank you for coming to the island.

• (1915)

The Chair: Thank you.

Alex, your time, unfortunately, has expired by quite a bit.

Mr. Hubbard, you're on.

Hon. Charles Hubbard (Miramichi, Lib.): Thank you. Following that is difficult.

What you're saying is that there's so much capitalization in agriculture that unless you inherit a farm, it's very difficult to begin. Mr. Chair, I think that's a very important point to make. If we don't acknowledge that, we're certainly not going to see much of a future in this country.

In the presentations today, we heard of different sectors and different regions, but if we go back to programs—we have provincial and federal programs—are there too many programs? Is it too complicated? Do you think there could be a better system, having programs in certain areas federally and certain areas provincially?

A lot of people seem to get hung up on programs. They never seem to have an answer about how they're going to work. As you say, there's very little vision in terms of whether they'll be there in three years' time. And with it, we are dealing with the WTO and with all sorts of trade agreements that we could be getting into difficulty with.

But federally, we've put a lot of money into agriculture. The minister recently announced a lot of money. Is it going to help anybody?

Scott, you're right to ask if what the minister announced just a few weeks ago will help you—billions of dollars. Apparently the government today has put more money into agriculture, they say, than any government in the past. I'm a Liberal; I challenge that a little bit. But this is the message that Chuck Strahl is telling Parliament, that never before has a government put more money out there for farmers.

But we travel the country, and everybody seems to be quite unhappy about what their lot will be.

Scott.

Mr. Scott Dingwell: Thank you.

Yes, it will help me, because in its absence we will utterly fail. Just throwing money at a problem is not enough. It has to come with a strategy, with a purpose.

I'll take us back for a second to the BSE crisis. The money that was put out—desperately needed—in transition funding was immediately sucked through the very effective system, out of producers' hands, up the chain. And that is all right, because that's the chain we want; that's the free market economy we've built. I think we won't go very far before we'll get back to competitive issues.

I, for one, am paying enough for food at the grocery store. I don't think we need to mandate higher prices at the grocery store. What we do have to mandate is a fair return on our investments.

Hon. Charles Hubbard: Let's get back to the question I asked. How was the money that you saw was supposed to flow going to help you directly? Not how long, but how was it going to maintain your farm and enable you to survive and succeed and better yourself?

Mr. Scott Dingwell: In my personal circumstance, through NOFG we are applying to the Agri-Opportunities program. We are hoping to use that money to develop and build value-added opportunities that will, through our hog sector, allow us to achieve a higher percentage of the retail dollar because the differentiation is created at the farm level. I think that's a positive step forward in that program. That money will benefit me.

Hon. Charles Hubbard: Ryan, how about your group, the young farmers?

Maybe Mark's going to answer, is he?

Mr. Mark Bernard (Member, Prince Edward Island Young Farmers' Association): I'm an organic farmer, so I'm differentiating my product to the point where I've changed to what the consumer is demanding. I think maybe there are a few too many programs. This past winter I got into meeting overload from going to too many information sessions and different things.

As for the money, I'm not sure exactly how it's going to filter down and through. I always worry, when federal money is announced, that it's going to be lost in administration processes and that there will be very little coming down to the end farmer.

I don't know how else to comment on that.

• (1920)

The Chair: John, do you want to get in?

Mr. John Colwill: I'll just make a quick comment.

Yes, the money will help, I guess. I'm not meaning to be cynical, but the question would be when. Time is ticking by, and everybody's trying to get a crop in, and the most we're hearing is that everything's tied up because the federal and provincial governments are bickering over cost shares and who's going to do what. That's not very helpful.

I have just a couple of other comments on regional flexibility. I think what it boils down to is that provinces like Prince Edward Island only have so much money for agriculture. It's not that they're not putting money into agriculture. It's that they're helping us in other ways and can't always contribute their 40% share. I think for that reason alone there needs to be a little more flexibility on what is cost-shared in regions like this.

While we're on the term “flexibility”, the CAIS inventory transition program, as you know, was only budgeted at about half enough money, so there was a shortfall there. At the same time, there was a new program announced, the Canadian farm families options program, which in our understanding was far from being all spent. So the question was asked, why, since this is all agriculture, can't those dollars go towards topping up the transition program? The answer was that it's a separate pot and it has to go back to general revenue. That just seems a bit silly, because we're trying to help agriculture here.

I'm hoping, and I don't know what the answer is, that when Agriculture and Agri-Food Canada divide APF into more pillars they don't all have a separate drawer so that we're going to get that answer down the road, that the money can't go from one drawer to the other.

So there are lots of questions. I know that agriculture in the future needs people like Maria and Mark and Ryan. Wayne, I'm sure, will agree that when you drive around Prince Edward Island, you see we have literally missed a generation in agriculture, with a few exceptions. It's really positive to see so many young people interested, and we have to find ways to make sure they stay in the industry.

The Chair: Thank you.

Mr. Miller is next.

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

Maria and gentlemen, thank you very much for being here today. It's really nice to be in P.E.I. I heard some great comments here.

I had a couple of questions for people from the potato industry. That's going to give me time to ask my other ones, because there are many.

We have heard some comments here that are consistent with what we heard this morning in Nova Scotia about regional programs. Probably the bureaucracy might tell us that it's impossible to have a national program, but even some of the comments we heard in the west last week are making me think that we need to think more along those lines. We're a big country and very diverse, not just in culture but also definitely in agriculture and geography. I think that's something we hear.

Charlie was just talking about the money that goes into agriculture. The previous government, to its record in its last year, put more money into agriculture, and this government has done the same in the last two budgets. Scott, you made a comment that throwing money at it just isn't the only answer; you have to do it with a vision and a plan. That's definitely a problem and has been for years. We need to hear some more ways to do that.

Maria, I very much enjoyed your comments. It shows the passion that is there, as John said, in the young sector.

You mentioned price floors. I think there's a problem there. There's looking at the domestic food supply and having food security, basically, for our domestic use. One of the problems government and the industry have is that we export a lot out of this country—not in every commodity, but in a lot of them. Would you have any ideas on how we would deal with that issue? Is that something that young farmers have touched on, or anybody else sitting here?

• (1925)

Ms. Maria Smith: I think Mark can also comment on this. We had a brief discussion about price floors. It was actually his idea to bring it into the presentation on how we're going to develop business risk management.

Price floors are more of a guarantee for producers. They are developing that gap between the retail level and the producers. For example, why do you see pork in the stores for \$2 a pound when we're only getting 20¢ of that share? Where is the money going in the middle? How come the money is not getting back to the farmers? You can look on Google; Loblaw's is coming off its fourth richest year, and farmers are coming off their four worst. How can we figure out why this is?

Especially, I want to emphasize that we need to have a price. If hog farmers not getting \$1.50 for their product, then they're not even meeting cost.

Mr. Larry Miller: Okay. Maria, I think I know where you're going on this. If we had floor prices in place, do we guarantee them for the domestic supply, and then you go on the world market for anything that's exported, or do you continue it for every product right down the line? That's where the complications come in. That's mainly why I'm—

Ms. Maria Smith: Well, I imagine you'd have to look at that federally.

Mark, do you want to comment?

Mr. Mark Bernard: Yes. The problem then becomes that when you go into a global scale, a lot of products aren't on the same level. Everything would have to be brought onto the same playing field so that you would be competing apples with apples, and that doesn't necessarily happen.

The price floors model would be a possibility. Putting legislation in to remove loss leaders from retail stores might also be a better possibility there. When you're going into a retail store, your potatoes and your eggs—well, your eggs and your milk are supply management, so they're always going to be that price, but your fruit and vegetables that are produced in Canada, as well as your potatoes, are never going to be at a price that is lower than the cost of production. You're going to make sure the farmer is always going to be there, that the retail store is never chewing at the wholesaler to get that product cheaper and cheaper, with the price always being pushed lower down the line.

The Chair: Thank you, Mr. Miller.

Mr. Steckle, you have time for about one question.

Mr. Paul Steckle (Huron—Bruce, Lib.): I will take my five minutes, because I have something to contribute to this meeting.

You people have given me something to think about, because some of the things you have said I have been saying for two weeks, or for the time we've been on the road.

Scott, you mentioned that we need this whole idea of food security, and that's important. We need to have a policy where government takes a position that food security in a nation—or “food sovereignty”, as was suggested by one of our speakers earlier today, I believe—is important.

As for profitability, if profitability were a buzzword that was real in the farm industry, Maria, Mike, and Ivan would have no problem getting into the farming business.

If we had a government—and I'm not saying this Conservative government, but any government—if we had a Canadian government that believed that food security was as important as buying heavy-lift transport planes—because we can find the money very quickly to do that, we can find \$3 billion very quickly, and I use that as an example—we would find the money. First of all, you have to have a belief system that believes that food security or food sovereignty is important. If we make that a mission statement, then we need to find, and we will find, the ways to do that.

I also believe we should then make this a national program. Agriculture should be as national as defence is. I believe we should get the provinces out of the delivery of moneys on agriculture. We should have one delivery system so we at least know whose ox we're going and who we go after. I believe if we did that, if we had a central delivery program—one federal, national agricultural system believing in the principle that I've just outlined—then we would find a way to do it, because, first of all, we have to have the will to do it.

I'm wondering if I would find concurrence, because we know the programs we've delivered have not always delivered or have not always gone to the right place. I believe that production insurance would look after some of the things you talked about, and I think the ASRA program does do that somewhat in Quebec.

Am I thinking the right way? We need to find a way, as we conclude our meetings, to say, listen, I think we've found a direction that we need to start working on and perhaps expanding upon. Am I thinking the right way? I've been at this now...for the third time across Canada, and I see very little changing over 14 years.

• (1930)

Mr. Scott Dingwell: Absolutely, we have to answer the question, and I don't have the answer. I have some strong beliefs, but I believe collectively we will come to a better answer than any one individual can provide. Food most likely will be a national security issue.

Profitability is in agriculture. I heard about a report two years ago that said 80% to 90% of agriculture is done on a profitable basis. I want to repeat that: 80% to 90% of agriculture is done profitably. The counterpoint to that argument is that 80% to 90% of the producers are going bankrupt. That is the reality in Canada. That is the pain we feel and see.

I apologize, and I respect the time, but I'm going to make one more comment. One avenue that we need to explore is the maintenance of competition. I don't think we need to fix prices, I don't think we need to have floor prices, and I think the market will fix itself. The unfortunate situation is that right now the market is completely getting skewed in competition. When you have a thousand people trying to sell to two people, the lowest price goes. If we can find a system to maintain or bring equal amounts of competition back into our sector, we will find that level where we are all profitable and moving forward.

The best example I can give you is our national banks. I'm not that old, but I'm old enough to remember that they had to amalgamate or they would die. National banks had to get together; they had to be one bank. In that time, when they were not allowed to do that, banks have been some of the best stocks to be had.

Mr. Paul Steckle: Very quickly, are we on a track towards a resolution, or are we not?

The Chair: Mr. Nabuurs.

Mr. Mike Nabuurs: Yes, that's a possibility that should be explored. There are far too many program levels at this point—federally, provincially. People get mixed up, and it's confusing. If we had one central administration that was delivering programs across the country and it was adequate to address all the needs, I think that's a possibility.

On the food security issue, I hate to use the U.S. as an example all the time, but they view agriculture as their safety net. Safety nets are viewed here in Canada as tools that we use to prop up agriculture. Agriculture in the U.S. is viewed as a safety net for the country. It's a mindset. We have to re-evaluate our priorities and place agriculture where it needs to be. That's why they are subsidizing corn. It's a national security issue. They're providing energy to their own country so that they don't need to buy it from other parts of the world. It's a mindset issue.

Mr. Paul Steckle: I haven't heard from John yet. I want to hear whether that would give you some confidence.

The Chair: Very quickly, please.

Mr. John Colwill: I guess the answer is yes. I wouldn't care whether it was federal or provincial, but I think if we had one door to go through, it would make things an awful lot easier. I have some of the larger farms telling me that the most important person on their farm is that person they had to hire to cut through the red tape to get access to programs.

The Chair: What does the P.E.I. Young Farmers' Association say? Is it yes or no, or are you indifferent?

Mr. Ryan Weeks: I'd say the same. I'd echo what has been said across the table here. I'm part of the Atlantic agricultural leadership program, and we just came back from doing a tour in Washington, D. C. We met with the deputy secretary of Agriculture. You guys have probably rubbed shoulders before. I was rather impressed by the way the States run their agriculture system. I came back and asked why we can't do that. When it comes to their Farm Bill, rural development is included in it, and it's just another key to passing things along.

The Chair: Maria Smith.

Ms. Maria Smith: I would like to say two things. The government needs to get its priorities in line, and we need to start focusing on agriculture. I know that the government has been working hard to try to develop procedures and to try to face these issues, but we need to move on it. That's my only recommendation.

• (1935)

The Chair: Thank you.

I have just one comment. We were just following up on what Paul was just talking about, which is having one centralized agriculture department, as the U.S. does. John and Mike both talked about how it might be the way to go. But if you look at U.S. farm policy, they don't have regional flexibility. And yet, that's what we heard throughout this—that you guys want to have regional flexibility. So if you have one central U.S.-style department of agriculture, do you think you'll have that regional flexibility?

Mr. Mike Nabuurs: They put enough money into it to make it work.

The Chair: It doesn't matter where you are then.

Mr. Colwill, I think you said in your opening comments that one area you're optimistic about is the interest you're getting from young farmers. I'm glad to hear that they're here and that they participated so willingly, but the conversation that we just had this evening was rather gloomy. So I'm just wondering, farm programs aside, how you guys feel about the future of agriculture here in P.E.I.

Mr. John Colwill: We're all pretty passionate about the industry, and we hope the future is bright. We just heard some figures quoted here: 80% to 90% of the industry is profitable, and 80% to 90% of producers are going bankrupt. So maybe that sums it up right there.

The Chair: I'm a cattle producer, and I sure hope there is a bright future, because my kids want to farm too.

We're going to suspend, very quickly. I'd ask that the current witnesses leave the table and that the upcoming witnesses approach the table as quickly as possible. Thank you.

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_____ (Pause) _____

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• (1945)

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

We're pleased to have joining us, from the Atlantic Grains Council, Allan Ling. From the National Farmers Union, we have Randal MacFarlane and Karen Fyfe. From the Dairy Farmers, we have Randall Affleck. From the P.E.I. Cattlemen's Association, Darlene Sanford. From P.E.I. Pork, we have Willem de Boer and Robert Harding. As an individual we have Doug MacCallum.

Welcome to the table.

If the farm groups could keep their presentations to 10 minutes or less, we'd appreciate it. For individuals, it's five minutes.

We'll kick it off with the Atlantic Grains Council, Mr. Ling.

Mr. Allan Ling (President, Atlantic Grains Council): Good evening, and thanks for the opportunity to present our views on business risk management, something that is very important to us here in Atlantic Canada.

First of all, I should take a few moments to introduce myself. I'm a member director of Island Grain and Protein Council Inc, which is an organization that speaks on behalf of grain and oilseeds producers in P.E.I. We also run the spring and fall cash advance for grain producers. The Island Grain and Protein Council pays a membership to the Atlantic Grains Council.

The Atlantic Grains Council is a Maritimes-based organization made up of similar organizations for the three provinces. We are a member of the Grain Growers of Canada. I am the president of the Atlantic Grains Council, and as a result of that, director to the Grain Growers of Canada.

I'm approaching my 40th year anniversary—not my birthday—in farming. I have a partnership with my brother. We farm about 12 miles thataway. I believe you probably drove by our farm today. We farm approximately 1,200 acres of land. We produce cattle and various crops, which would consist of barley, wheat, soybeans, flax, and we're going to try canola this year, as well as hay.

In 2002 we made a decision to go out of dairy cows. We had a small dairy herd. The main reason was finances. We were struggling along with heavy financing, a heavy debt load, and had to look at refinancing once again. Our accountant said, "Is there anybody chasing you out of the barn?", and we said no. "Well, then", he said, "pay some debt off and get rid of your quotas", which we did.

In the fall of 2006 we dropped our hog operation. We'd been in that since we started. So we now have two empty hog barns.

We are on a fourth-generation farm. Between us, my brother and I have five sons, and it's the end of the line. None of them are going to farm; they're all doing something else.

Between 1965 and 1980, there were a lot of people who got into agriculture. Just for fun yesterday, I was thinking about it and I counted—and I may have forgotten some—26 young people who got into farming in our area at that time. Today there are only four on those 26 farms. Now, a lot of those 26 have retired, gone broke, whatever.

In my opinion, we have a severe crisis in agriculture. I don't really think it's lack of money right now. The big problem facing us as Canadian farmers is who's going to produce the food in this country in 19 years' time? Why am I saying 19? Because last year I said 20.

If we look at Canada, we see we are a trading nation, and I believe we must continue to be a trading nation. We're in a high-cost producing country because of our climate, our geography. Also, over the last number of years we've been faced with very low commodity prices, and we compete with highly subsidized countries such as the European Union and the United States.

Recently I had the opportunity to speak to two farmers who actually might be even a few years older than I am and still farming. Sometimes I would rather not sit down and talk to a farmer, because it tends to get around to this negative talk. Anyway, there was this one particular guy, and we had a fair chat. He's a good farmer; he's a

guy I've always looked up to. He said, "I wish I could get out, but I can't"—and that's a common thread among us today.

I guess if we look at the present programs we've had, we'd see they have not worked, especially in a sector like the grains and oilseeds, where we have been in declining margins. We have to look at the whole farm thing too.

● (1950)

I believe there's a feeling out there in the country that there is a lack of understanding between the politicians, the policy-makers, and particularly the bureaucrats. We often feel as farmers that we're being way over-regulated. I know we need to have regulations, but in P.E.I. we've crossed over the line and are probably worse off than other places. We're in a position where, if we're doing something good for the environment or the public, we're not being paid for that. It should come back to general society to pay for the benefits we're providing.

It almost makes you think sometimes that we missed the boat here. Maybe we can't reverse this trend; maybe it's too late.

However, after talking negatively, I'd like to turn that around a little bit. I believe we have a future in this country in agriculture and a lot of benefits, and we must continue to try.

Just listening to the previous presentations and questions, I'd say we have put a fair bit of money into agriculture, but it hasn't done the job that needs to be done. I don't think we as Canadians should be so worried about the dollars we are putting into agriculture—I don't have the figures before me—because an awful lot of money is generated from the export of agricultural commodities that we produce in this country, especially in the livestock and grain sectors.

As farmers in the grains and oilseeds sector, we welcome the recent announcement of \$400 million that's supposed to come out; NISA going up from \$500,000 to \$750,000; and interest-free loans from \$50,000 to \$100,000. All those programs are a bit of help. We're also very excited about the biofuels industry and alternate energy, but a lot more needs to be done.

The Atlantic Grains Council would like to make a few recommendations.

Payments often come from the federal government based on ENS, eligible net sales. That does not work here because most of us are not straight grain growers; we also feed livestock. It costs the same to grow an acre of wheat, soybeans, or whatever is fed to beef or dairy cows, or pigs, as it does to grow that same crop for sale.

Another one that really needs to be addressed—and there may be a way the feds can do it—is this 60-40 split. So often we're left out of it. The better provinces can afford it. If it does come to us, a lot of the time it gets watered down and does not necessarily go where it was meant to go when the program was announced. I don't understand why it can't be taken off the equalization cheque, or something like that. Maybe there's a way it can be done, and I know we brought it up at the agricultural policy framework meetings. We're losing out on that one. Lots of times farmers in Ontario, Alberta, or wherever get it and we don't.

Crop insurance is a program that we think could stand a bit of overhauling. Sometimes it's based on going back too many years in your history. We're all using better practices on our farms. We're using different varieties to grow better crops. So occasionally we're being penalized on that one.

That brings us to research, which is another subject, but we won't bother mentioning that tonight.

Another idea I briefly touched on is that maybe producers need to be paid for the environmental good we're doing. Do we need to go to a four-year potato rotation? Do we need to take marginal land out of production, and stuff like that? Maybe carbon credits are another way. If it can't come out of the food chain, there may be other ways to help us.

●(1955)

One of the other things we would like to see is the three-year average eliminated for CAIS and the program redone so it is based on some sort of true cost. I know that we run into problems when we use cost of production, but I believe we have to go that way.

We also recommend that a separate disaster relief program be created. Maybe we should be looking at an RMP program similar to that which the Ontario grains and oilseeds are looking for.

In closing my remarks, I'd like to say that, in short, farm families are facing some challenging times, but we also see that by fixing some of the root causes of the income problem, we do have a bright future in front of our industry. As grains and oilseed producers, we do not believe the government owes farmers a living; we do, however, believe that government owes our industry policies that will allow us to make a decent living. These policies, we hope, are within our grasp. We simply need the political will to get there.

I was telling one farmer today that I was coming here and I asked, what should I say now? He said, tell them not to do any more damn studies; just get the job done and make things right.

Thank you.

The Chair: Thank you.

Well, we're in the middle of another study, but we will report quickly.

Mr. MacFarlane.

Mr. Ranald MacFarlane (Regional Coordinator, District 1, National Farmers Union): Yes, good evening, gentlemen, ladies.

My name is Ranald MacFarlane. I'm a dairy farmer from Fernwood. I'm dairy, I'm beef, I've got hogs. I work very hard. I'm

the hardest-working guy. I know I'm the last hog farmer in my community. My net income without any off-farm income for 2005 was \$13,500. I have a very firm belief that for every farmer who goes bankrupt in P.E.I., we should fire one person in the Carling Building, because this is just quite unacceptable.

A lot of farmers presented here tonight, and what they probably neglected to tell you was that everybody has an off-farm income. They're sending people off the farm to make money to subsidize food production. This is wrong.

On October 5, 2027, I'm going to turn 60. I have very little RRSP, I have no savings, I have a little bit of debt. I've got two friends who just quit. I will call them my friends. They have nothing. They've got about \$500,000 debt, and that's all they've got. It's a funny thing: when you turn 40, suddenly everybody's a capitalist, and you have to think of your future and you have to think of your kids. This is just like the Newfoundland cod fishery. Someday people are going to be standing around pointing fingers, saying, it's gone and it's never coming back; the corporation has ruined it. Whose fault is it?

And I will remember who helped and who didn't. Don't worry.

Off-farm income should not have to be a factor for young farmers, but it is. All the agriculture out there is overcapitalized. It's been my experience that credit is too easy to get. The government has preached that bigger is better, bigger is better. Bigger is not better. I farm 100 acres. I inherited that farm. I come from a Scottish Presbyterian background. We believe that if you don't have it, you don't need it, and you ain't going to borrow for it. We've got a fear of God and a complete fear of the banks. I don't want to take on either one.

So all this get big or get out...agriculture has never had an ag policy. The only policy was an export policy, trade policy. You never had an ag policy. Get big or get out. Get even bigger or get out. Get even bigger or get out. Now it's just get out. And a lot of farmers are brainwashed into thinking that if we could just have more free trade...there are hog farmers who will say get rid of supply management because when that's gone, then things will open up. And to those people I say, softwood lumber.

Anyway, I didn't qualify for the farm families options program, and I wrote a letter to the editor. I accidentally declared bankruptcy in doing so, because I said, I'm broke, I'm really broke, and I don't qualify for that farm families options program. Two different companies called, demanding their money right off the bat when that letter to the editor was in the paper. It didn't cost me a cent to declare bankruptcy.

Anyway, having said that, people came to me who did qualify for the farm families options program because, I'll admit, I'm a bit of a media big mouth and people trust me. They came to me and they told me some very sad stories. There are perfectly good young farmers out there who did everything they were told to do, and they got screwed. There's no two ways about it. And the agriculture system, the little bit of semblance of agriculture system we have out there, owes them something better, because they were taught in the agricultural colleges how to do things. The lenders went at them. FCC and everybody—they're the biggest bunch of smiling liars you've ever met. They'll gladly give you the money until you hang yourself. Those people should get an apology, and there should be restructuring in how trade is done in this country.

The NFU's position is to take agriculture out of the WTO. You keep going to the WTO. You keep giving away the little bit we do have. The biggest priority coming up for the last election was getting that border open—we've got to get that border open. Well, the border isn't open. The priority was dismantling the Wheat Board, it turns out. Well, this is just one more example of how the government and the Carling Building and the federal agenda and the trade agenda are all out of whack. It's as if you don't care. I'm sorry I have to say this to you, but remember the cod stocks.

Anyway, we're talking about national food security. We're talking about regional food security. The countryside is broke. I just distributed meat today. I'm selling meat; I sell pork as a sideline. There's huge money in pork. If there's a hog farmer, please don't hit me. There is huge money in pork. The farmers don't get their share because Maple Leaf is out there raping the guys. They always have. The corporations take theirs first, and there's no two ways about it.

Why are the Maritimes not self-sufficient in pork but our price is based on the Chicago Mercantile Exchange, and it's all up to the distributors like Loblaw's? They make huge profits. These poor hog guys in the Maritimes and right across the country have subsidized the huge profits at Maple Leaf, subsidized Loblaw's, and what have you guys done?

I'm waiting for that part. This is rhetorical.

● (2000)

I liked the report, "Empowering Canadian Farmers in the Marketplace". It was a perfectly good report. I thought, good, there's no need for any committees; there's the road map, boys. What have you done?

I didn't speed when coming here tonight, because I knew this would practically be a waste of my time, but I'm being polite and I'm here anyway.

Anyway, as for take agriculture out of the WTO, you keep going to the WTO and giving things away, and agriculture is losing money. We have an accumulated debt of, what, \$58 billion now?

Hon. Wayne Easter: It's \$51 billion.

Mr. Ranald MacFarlane: It's \$51 billion. Oh, okay, I admit that extra \$7 billion.

So we have an accumulated debt of \$51 billion. On my farm, if something is losing money you stop. Anyway, we do have alternatives.

Karen.

Ms. Karen Fyfe (National Women's Vice-President, National Farmers Union): I guess I'm going to change the tone a little bit and go back to something that Maria Smith said. Maria was the young lady with the P.E.I. Young Farmers' Association. She reminds me of myself 20 years ago, when I married into a fifth-generation family farm. In the 20 years gone by, I've raised five children on that farm, three of whom are in university, and two of whom are graduating within the next weeks with massive debts—\$40,000 or \$50,000—which they know they alone have to pay back because there's no extra money on their mom and dad's farm to look after any of that educational debt.

Getting back to a question James or one of the other members asked, is there a vision for Canadian agriculture, yes, there is a vision for Canadian agriculture. In fact there are two opposing visions for Canadian agriculture. One is for more corporate trade and is export oriented, which has led us down the wrong path. And the other one is more focused on domestic food security and food sovereignty. It's fine under supply management. Supply management works wonderfully inside a domestic market and doesn't distort export markets. It can balance the two out.

As for something that Ranald said here, the women of the National Farmers Union took it upon themselves to provide an opposing vision for Canadian agriculture. Although I wasn't officially allowed to distribute these two booklets, this is a three-year project undertaken by Canadian farm women, with money from Status of Women Canada and a little bit from Agriculture and Agri-Food Canada. We held workshops across the country and gathered women together to ask, what's wrong with Canadian agriculture now, and how do we fix it? Do we have the solutions? Yes, we have the solutions, and some of those solutions are very straightforward.

I would have liked to distribute a couple of pages, but I think these will be made available.

Mr. Bezan, yes?

● (2005)

The Chair: It has to be translated.

Ms. Karen Fyfe: It has to be translated. Okay.

The Chair: We have the blue book. We don't have—

Ms. Karen Fyfe: You have these?

The Chair: Yes.

Ms. Karen Fyfe: I would urge you, almost implore you, to read this. It's difficult reading, because they do go through the process and they go through the fear that Canadian farm women have, not only for their future but for their children's, and not only for their children but for their community. I think that is the difference between how farm women look at Canadian agriculture and how the policy directors and the bureaucrats look at Canadian agriculture. We look at it inside the context of family and the context of rural community.

Our solution has four pillars. Our four pillars include financial stability; domestic food policy; strengthening social and community infrastructures; and safe, healthy food and environment.

So there is a viable alternative vision of Canadian agriculture out there, and all we need to do is reject the current trend that we're now on, because it has led to disaster. It has led to the industry doing well, but 80% to 90% of the families in that industry going broke and putting "For Sale" signs on their farms or walking away. It doesn't have to be a doom and gloom picture. There are other decisions that can be made.

About two months ago, I think it was February 20, right here in this room, we spoke to the Senate Standing Committee on Agriculture and Forestry. I think I made the case very eloquently, but I took great exception, first of all, to some of their language: on their report's front page, "Understanding Freefall", and so on, as if the current crisis in agriculture just fell out of the sky, that nothing caused it, it just happened overnight. Well, that's not true. The current crisis in agriculture was caused by deliberate policy and deliberate direction, and therefore the choices that came out of those decisions and that policy.

My farm is on the north side, about a half-hour's drive from here, and on the drive over here tonight I thought, when you're talking about something as basic as food and eating, going to the grocery store and buying your food products for your family, is it a policy that comes first when you're trying to negotiate how food is produced in this country, or is it a particular belief in direction that comes first? I know that's semantics, but I think we as a nation have to get our heads around whether this is a policy that we can live with. Is this a sustainable policy, or are we doing this because we think we have to follow suit in terms of global trade patterns?

So there are two opposing visions here. One is the vision we have right now, and it's not working. The other is a vision that Canadian farm women have put forward, and it will work.

Thank you very much.

The Chair: Thank you, Ms. Fyfe.

On the publication you presented, because it is a publication, we aren't allowed to translate it. I would suggest that maybe the best way to do this, as it's the property of the NFU, is that you can just mail it directly to the members—

Ms. Karen Fyfe: Sure. I can do that.

The Chair: —but the committee can't get involved with that.

We'll move right along to the Dairy Farmers. Mr. Affleck, please.

• (2010)

Mr. Randall Affleck (Vice-Chair, Dairy Farmers of Prince Edward Island): Thank you, Mr. Chairman and members of the committee.

First, I'd like to welcome you to Prince Edward Island. I really appreciate that the committee travelled, and I appreciate the opportunity to present on the APF 2.

As I understand it, as for the Dairy Farmers of Canada, you've already met with some dairy farmers from B.C. and Manitoba.

The policy issue that I'm going to push a little is the national farmed animal health strategy. It's a little different. My colleagues around the table have probably never heard me rant about this before. It's an issue and a policy that's important to livestock

producers. If time permits, I then want to briefly talk about BRM and perhaps trade.

On the national farmed animal health strategy, there's a group of 13 organizations working nationally with CFIA. They're trying to enhance and develop a Canadian animal health system. The goal is to move away from the current piecemeal approach, based on jurisdictional authorities that currently exist, and move towards an integrated animal health policy, with principles, policies, and objectives.

Globalization has presented many challenges in terms of on-farm animal health disease. There are increased imports and, in particular, more travellers from Asia. Therefore, there's an increase in disease emergence. The goal is to invest based on common principles and objectives, to clarify roles and responsibilities within the different jurisdictions that are involved in this, to develop funding, and to know who's going to deliver the oversight of it.

The reason I and Dairy Farmers of Canada are raising it is that it's a major animal health policy, especially in terms of contagious disease outbreaks that were not really addressed in APF 1. Since we're talking about APF 2, we're hoping that it's developed, whether or not it's a second pillar, a sixth pillar, or whatever they are using as the pillar approach. It's certainly an area where we can prioritize some of our energies as a country.

The key elements in this policy are prevention, preparation, response, and recovery.

On prevention, essentially emergency prevention is as important as emergency response to coordinate the different jurisdictions and the like. Standards applied equally to imports would be key.

Preparation is another key element to upgrade critical infrastructure and to work on standards and agreements internationally on disease.

On response, for example, a mass depopulation and carcass disposal are necessary tools and require preparedness. It should be a key part of a strategy.

Of course, recovery is another key issue. Recovery from market collapse requires a range of financial management tools and a disaster relief program. If I have time on a BRM, I want to address that.

Currently, for example, the Health of Animals Act deals with reportable diseases. I'm not a veterinarian, and I'm not going to even bother to try to lay them out. But the weakness is that it's a reportable disease. If you were to take a proactive approach to animal health and the importance it has in the economy, as I understand it, there are production-limiting diseases that wouldn't be covered under the Health of Animals Act and that type of thing.

On the components of financial risk management, there's a suite of defined programs to provide adequate protection and income loss, to provide research to support diagnostics and surveillance, and to increase knowledge of animal health diseases. Good animal care is key to healthy animals.

On disease management, there's new and existing programming to prevent, prepare, respond, and recover. There's surveillance and an LED network. Essentially, it's to get an assessment of where the infrastructure is, what's needed to move forward, identification and traceability, support programs, and regulated products. For example, there's the availability of drugs and vaccines and how the regulation of those is dealt with. Then finally, there's biosecurity.

• (2015)

I guess what I'm presenting as important to dairy farmers in Canada and also the other industries that are involved in the discussion is that we really should spend some time on some issues other than BRM. There's no question that the BRM is key, but when we're moving forward in agriculture policy....

I also sit on the Cattlemen's Association bodies. I saw what took place on BSE, and you can watch the foot and mouth disease in Britain, and I really am a bit concerned about it. You hope that CFIA is prepared, and I'm sure they are, but we could be more prepared, and as a country we should be focusing our efforts to coordinate the resources.

As for BRM, if I can shift briefly to that, supply management and collective marketing really do need to be recognized in the APF 2 as a critical program in Canada. It was a clear omission in the last one, with the exception of three provinces that had it put in.

As to the CAIS program, supply management in itself is a risk management program. I'm probably one of the few dairy farmers on Prince Edward Island enrolled in CAIS. My brother and I were in the potato industry until a couple of years ago, so we were involved in NISA and then went on to CAIS. My own personal feeling on CAIS is that it's a pretty good program if you don't have declining margins. In a situation of declining margins it's a useless program.

There are a lot of weaknesses in it. We didn't have any predictability in what we would trigger by way of a payment. But as far as the dairy industry is concerned, in the absence of dairy farmers in a business risk management policy like that, how, given a disease outbreak, would they be covered? Maybe CAIS is not the answer for producers, but if they're not involved, then it has a real weakness.

Concerning production insurance, mortality insurance is really not a great policy for dairy producers, because the vast majority of their income is from milk sales. An income loss is more important, so an interruption-of-income type of insurance would be more valuable.

I'll conclude, briefly, on trade. I agree with the comment that we're an exporting nation, but the reality is that a far bigger share of our income in rural Canada comes from a domestic market. "Agriculture and Food Value Chain Facts", from Agriculture Canada, has data from 2004 showing that over 70% of the revenues come from domestic markets. So we really do need to take a balanced position on trade. Canada needs to be unapologetic in promoting our rights.

I'll conclude with this. It has to do with the collective marketing out in the west. My concern is as a dairy leader in supply management. With only 13.8% of the producers voting to take barley from the Canadian Wheat Board, in my view it's a strategic error as a country to do so. We're not at the eleventh hour on WTO by any stretch of the imagination, in my view, and strategically it's not wise

to weaken that institution with such low support for removing it. The numbers I read are something like \$59 million a year to barley growers out of the rural economy in the west. What's worse is that what's being proposed is to take that away without compensation to producers.

• (2020)

I'm a bit nervous, to say the least, although I'm encouraged by some of the policies on supply management. Actions speak louder than words, and I think it's a flawed strategy. I'll just throw that out and conclude.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Affleck.

Ms. Sanford is next, please. She is with the P.E.I. Cattlemen's Association.

Ms. Darlene Sanford (President, Prince Edward Island Cattlemen's Association): Good evening, and welcome to Prince Edward Island.

I'm Darlene Sanford. I'm a feedlot operator. On May 19, 2003, I was a beef producer, and I still am today in spite of BSE and everything else that's gone wrong that has followed suit. My comments this evening will be based on the different pillars of the current business risk management that's being proposed.

We'd like to start with business risk management, specifically with the Canadian agricultural income stabilization program, the CAIS program. The program was implemented just after the BSE crisis and it has proven to be inconsistent in its delivery of money into the hands of producers who have suffered a farm income loss. The program is so complex that producers cannot determine whether their application will result in a payment. Applications are very difficult to complete, and usually a significant amount of time elapses before they are processed, making it an unreliable means of business risk management for our beef producers.

With previous programs, producers could estimate what their payment would be and project their cashflow for the following year. As with any new program, there are growing pains; we realize that, but for the beef industry these growing pains have led to unprecedented uncertainty. Producers who are primarily beef producers have suffered large losses from BSE and have received little or no money from the CAIS program, while others, with multi-commodity farms, have received payments or, in some cases, have had the commodities that have not had a disaster or a downturn in their margins supplementing their beef.

This inconsistency has proven that the program is not designed for a farming disaster and highlights the need to speed up the delivery and implementation of a disaster component. If producers are to depend on safety net programs to help them through a bad year, it is crucial for governments to ensure these programs are effective by testing them to make sure they meet their objectives and the criteria set out.

The CITI program was one of those that did not meet objectives. Where is the other 50%? That's the question my beef producers ask me every time we have any kind of meeting. Just two days ago a beef producer described a situation to me that I will relay to you. His neighbour and he have actually looked at their books, and they both suffered roughly the same loss in the year 2003. When everything was tallied up, they lost approximately the same amount of money, one with beef and one with potatoes, which just happened to be the other commodity. The producer who had the potato crop loss received 100% of the moneys owed from CAIS via a cheque in 2004; the beef producer who suffered the same loss received 50% of the money in 2006. Where is the rest of the money?

This is the question I keep being asked by my producers. Why is it that when the federal government makes a mistake and then realizes...? I give them credit for that; they did realize the inventory system was not working for beef producers, and they did make a commitment to producers that they would fix it and make the program fair and equitable across the country and across commodities. Why haven't they finished the job? Why were these payments pro-rated? None of you would accept half your salary at the end of the year, so why are we asking beef producers to do just that?

Federal ad hoc programming is another issue we'd like to discuss. Our P.E.I. producers are unable to participate in some of the federal programs put in place after BSE. The fed cattle set-aside program and the feeder cattle set-aside program, both offered to all producers after the BSE crisis, were not participated in by maritime beef producers. The main reason was that these programs are both designed for western Canadian cattle production; they were not designed to be implemented in the maritime region. Had we implemented these programs, they would have had a very negative effect on our beef industry—as negative as, if not more negative than, the effect BSE had.

These programs encouraged producers to place cattle on a maintenance diet to slow the flow of cattle to a heavily laden slaughter industry. If maritime producers had done so, it would have affected the supply of cattle to our beef plant, Atlantic Beef Products, while at the same time increasing the number of cattle that had reached an age of 30 months prior to slaughter. This would have cost producers huge amounts of money, as a result of devaluation of carcasses from animals over 30 months of age and animals that were also over the specified weights that this plant is looking for. Cattle over 30 months of age increase the cost of rendering and decrease the value of beef to the slaughter facility, as well as showing losses to producers.

● (2025)

When these programs were designed, the federal government indicated within the guidelines that were sent to producers that it would ensure support for regional differences. Seeing that this program was not going to work for maritime producers, the Maritime Beef Council, which comprises the Prince Edward Island Cattle Producers and Nova Scotia and New Brunswick counterparts, designed and presented a program to all levels of government called the maritime beef herd renewal strategy. I have included a copy of the program with my presentation this evening, so you should all receive a copy of that.

This program was designed to fit under the BSE support programs and provide a means to improve the value of the beef herd while addressing the specific needs of producers from this region. We didn't wait for the federal government to design something that would work in the Maritimes. We saw that what was there wasn't working, so we tweaked it in our own way and presented it back to them, and said we couldn't follow the rules that they'd set out in this prior program, so this was our option. This is what we're suggesting that you could do for our area to help us. The main objective of the program is, as the name states, herd renewal. The objective would be achieved through culling older cows and replacing them with genetically tested quality heifers, resulting in a younger, more productive herd.

The cost of delivering this program would have been less than the cost of participating in either of the other two programs. The government needs to ensure that every possible scenario has been considered before programs are implemented. Without having the necessary time and research to ensure that programs meet their objectives, producers are at risk. Producers who receive BSE program cheques watched helplessly as market prices plummeted, only to have to turn around and claim these payments as income. Others who took advantage of CAIS advance programs are finding out that they have to pay them all back because they haven't triggered anything under the CAIS program.

These are producers who have lost money because of BSE and who were forced to take an advance on the CAIS program and now don't even trigger a payment. Most of this could have been prevented if the necessary time had been taken to ensure that the program worked as it was intended to work. The intentions were good, but unfortunately the follow-through was not there.

Innovation and science. Canada must be in a position to take advantage of opportunities that arise through research and innovation. The maritime beef industry has supported the implementation of Atlantic Beef Products Inc., a producer-owned beef plant serving the beef producers of Atlantic Canada. As producers, we are aware that it is no longer enough to produce commodity beef. Consumers want safe, healthy, and differentiated products. Our producers are willing and able to produce what is necessary to meet these objectives, a fact evidenced by the success of the Atlantic Tender Beef and the Atlantic Choice brands.

Other new ideas arise daily, and it is only through sound science and research related to the unique beef production practices of eastern Canada that these ideas become a reality. We need government to recognize this and to continue to support research and innovation for this region in this region. We have a testing station in Nappan and just ended up spending a year fighting like mad to keep it there. We want to see that continue. We need research done in this region for this region. We don't do things the way western Canada does. In my feedlot, all of my cattle are under cover 12 months of the year. They don't go outside. This isn't Alberta; I can't do that. When we have a storm like the one we had on Easter Sunday, it's not fit to have cattle outside. We don't do things the same way, and that's never been recognized by the federal government. It's put into every policy and program that we see, but when push comes to shove, we don't see the results. They're just not there.

Market development and trade. The development of new products is only the beginning. Finding a market for that product is the other half of the equation. Market development and research are major factors in a product's success. We must have access to marketing research and testing in order to determine whether a product is worth investing in. When designing a product for export, it is important to understand who your competitors are. Exploring export markets provides information on the competition, whether they are subsidized or whether they have to deal with the same regulations that we do in Canada.

One example is the handling of specified risk material. I would like to point out an error in the printed version. It reads September 12, 2007. It should read July 12, 2007. As of July 12, 2007, all specified risk materials must be removed from animals over the age of 30 months. Specified risk materials are not to be used in the production of animal feed or fertilizer, and a permit must be obtained to move this product. Producers in the United States will not be subject to these same regulations, placing our producers at yet another disadvantage.

• (2030)

Our government must be careful when implementing regulations of such vast proportions that they don't have a lasting effect on the industry or a detrimental effect. Already, we are seeing the implications of this feed ban and the cost to the industry.

My first question would be why it took close to two years for the federal government to formulate allocations to provinces to deal with specified risk materials when \$80 million was set aside to deal with this program. Why is it two years before we find out exactly how much money is coming to P.E.I. and how much is going elsewhere? How can we put things in place to make sure we meet these deadlines and that we are seen as a good corporate citizen, or a good country following the rules under OIE, when our government is doing this to our producers?

We now have approximately a month to decide what we're going to do with the money and get things in place. Our beef plant in Borden tells us that by May 1 they have to make the decision as to what they're going to do. May 1 is only a couple of days away.

Renewal. Providing producers with the opportunity to learn new skills and use their knowledge to increase profitability will benefit all sectors. Developing programs that support innovations as well as ensuring that policies don't inhibit production will contribute to agribusiness success.

Safety and quality in Canada's food chain. Increasing numbers of producers have implemented on-farm food safety practices. These practices must be recognized and promoted to enhance consumer confidence in domestic and foreign markets, and producers must receive credit for the work they have done.

Environment. Producers must be paid for their contributions in taking land out of production for riparian zones, fencing cattle from streams, and implementing farm plans. These actions take money out of the hands of producers for the benefit of all society, therefore there should be some financial compensation for this work.

In closing, Canada needs an agricultural policy. We need a direction. As farmers, we want to be treated fairly and equitably and

we want to see that across commodities and across the country in all programming. We should not need another Great Depression, where Canadians and politicians alike go hungry, for government to find the required respect for the food they eat three times a day and the people who produce it.

Thank you.

The Chair: Thank you.

Who is presenting for Prince Edward Island Pork?

Mr. Willem de Boer (President, Prince Edward Island Pork): Welcome, committee, and good evening.

My name is Willem de Boer, and I'm a hog farmer from the east side of the island, Brudenell, P.E.I. I'm also chair of the P.E.I. Hog Commodity Marketing Board, which represents the interests of P.E.I. hog farmers. I'm joined today by Robert Harding, the board's executive director.

We have been actively involved in safety net issues on behalf of our producers for many years, and it is a pleasure to be here today to speak to you about our perspective on the agricultural policy framework.

Tonight we will focus our presentation on business risk management issues and competitiveness. To make it easier to listen to, Bob has less accent than I have, so he will do most of the talking.

The Chair: Mr. Harding.

[*Translation*]

Mr. Robert Harding (Executive Director, Prince Edward Island Pork): Mr. Chairman, I would like to continue in English.

[*English*]

P.E.I. produces about 200,000 market hogs per year, which are processed here and sold mostly off-island. Our sector may be a very small part of the Canadian industry, but it's a very significant part of agriculture in P.E.I. Agriculture and agrifood is by far our biggest industry.

Our sector contributes to sustainability in P.E.I. Our farmers use the feedgrains we produce in rotation with potatoes and other crops, and the manure provides an effective natural fertilizer to support these rotations.

Our producers continue to meet the increasing expectations of domestic and export customers, but the challenges that are faced by our producers today are staggering. Our farmers have always stepped up in taking important steps to mitigate the many risks associated with farming, but today government has a crucial role to play to help our farmers come through this period and build into the future.

As an export-dependent sector, we have been through many trade challenges. We recognize the trade sensitivity of any government programming. Therefore, we encourage programs that conform to international trade obligations and minimize the threat of trade actions.

It is clear to us that the current suite of APF programs has not been terribly beneficial to Prince Edward Island. In some cases it even appeared that the APF favoured western provinces. We support innovative approaches that allow for regional programming to address regional opportunities. For example, if there is a deemed maritime benefit to a proposed approach, then strategic investment in that regional initiative should be permitted. This is not allowed under the current APF. Therefore, government hasn't helped our industry take advantage of opportunities that were seen as benefiting our region. We hope this is addressed in the next generation.

The first principle in our discussions of the next generation of APF is to ensure that funds are used in a manner that treats producers across commodities and regions equitably. We obviously agree with the principle of equitableness, but this principle is not being met. There are existing business risk management programs that were not developed for livestock producers and that are of limited value to us now.

The principle that producers must share in the cost of programming is somewhat misguided and it is entirely unnecessary. Our farmers take on severe risks every day. The requirement to pay toward any program cost is simply an extra expense for our farmers. And worse, it suggests that those involved in developing the programs don't recognize the extreme costs our farmers are assuming.

We have participated in business risk management consultations for the next generation of APF. There are certain points from the discussion paper we'd like to support and there are some points we feel aren't adequately captured.

Crop insurance was changed to production insurance with the promise that livestock would be covered. This appears to have been a change in name only. We have participated in discussions to make the program beneficial to livestock producers, and we appreciate the work that was undertaken by Agriculture and Agri-Food Canada to look at this. But the required changes still have not been made.

We are now discussing the next generation of an APF. Production insurance is still of limited value to a hog farmer in Canada. We believe, at the very least, that producers should be compensated for losses beyond their control until a real production insurance program for livestock is in place.

We support the principle that government funding should focus on mitigating negative impacts of uncontrollable and unforeseen events. We also believe that catastrophic events must be covered from a separate fund. Business risk management programs were never developed to cover catastrophes like BSE. An established framework of such a program would provide producers with the confidence that assistance would be there in extreme situations.

While it was developed to stabilize farm incomes, the Canadian agricultural income stabilization program, CAIS, has not been found to do so for P.E.I. hog farmers. Some have received payouts from the program, but improvements are required. These improvements include deeper negative margin coverage, basing the historic reference margin on perhaps the better of the past three-year average or the Olympic average, improved timeliness, and reduced administrative burden. CAIS program payments should also be

considered as income in the year of the hurt rather than in the year of the payment.

The unpredictability of the CAIS program is an immense problem. This unpredictability makes it unbankable, which severely limits the ability of our farmers to manage their own business risks. The potential of governments to pro-rate producer payments in effect makes the program even more unbankable. From our perspective, that must be eliminated.

•(2035)

The Canadian farm families options program we talked about earlier was set up to provide short-term income assistance to low-income farm families. While the program was established under the renewal pillar, it's now being seen as a safety net program, as many producers' farm incomes are so low that they now qualify. While many producers are in this desperate situation and need to access these funds immediately, the application forms for year two that were promised in the spring of 2007 will not even be available until August of this year—maybe. This is not acceptable.

The enhanced cash advance program was announced as another crop program revised to benefit livestock producers. While we welcome the approach, our producers need the assistance now, not later. Details of program delivery are still not finalized, and the program is still of greater benefit to our crop producers than our livestock producers. A crop producer can access an advance and hold it for 12 to 18 months, but a hog producer can only hold it for six months. That means he only gets 50% of the benefit of that program compared to a crop producer.

Another thing is that farmers who grow grain for their livestock are at a further disadvantage, as we heard earlier, because farm-fed grains simply are not eligible for this. The way grain is used should not be a condition of program eligibility.

On competitiveness, we have some issues we want to address. We heard in the earlier sessions as well that our producers can compete with anybody in the world, given a level playing field. In order for our farmers to continue to grow food for Canadians, governments must also become more competitive. This is a critical issue, but does not seem to be addressed in these next-generation documents.

Canada is known as an exporter of food to the world, and the industry has proven to be very competitive in export markets with relatively little financial support from government compared to other countries. The strong Canadian dollar has had a serious impact on our ability to maintain these sales to foreign markets. We support expanding government funding in support of our exports, as governments in other exporting countries are doing.

While WTO negotiations drag on, we support government negotiating bilateral trade agreements. More resources may be needed to keep pace with our major competitors, who are today signing bilateral agreements with some of our major markets.

The Canadian Food Inspection Agency needs to rebuild its export expertise. That was talked about earlier as well with potatoes. We cannot maintain exports without adequate professional resources to service these market access issues on a timely basis. We had some good people there, but they've moved on and haven't been replaced. That's critical for our sector.

The competitiveness of our processing sector is severely at risk as well. We expect that very shortly there will be only one export-ready pork processor east of Quebec. We heard from them earlier this evening. That has huge implications for the long-term competitiveness of our sector, and we feel these issues need to be part of the overall discussion.

Our hog farmers cannot access competitively priced labour through the temporary foreign worker program that is available to crop producers. This matter must also be addressed to allow our livestock producers to access the program.

Because of our non-competitive federal regulatory system, our producers don't have access to less expensive animal health products or competitively priced feed grains. These are available to U.S. producers and further provide an unlevel playing field for the same reasons. Canadian certification and inspection fees must be brought in line with U.S. costs.

Canada's herd health status is second to none, and P.E.I. has done much to keep pig diseases absent from here. This is critical to our competitiveness from both a producer point of view and an export perspective. Because of this we feel that animal health should almost have its own pillar in these discussions. National identification, traceability issues, and emergency preparedness could perhaps all be rolled into this pillar, and need to be supported by governments.

Another important example of this unlevel playing field is that less expensive products may not be approved for use in Canada, yet food from countries where these products are used is imported for sale to us as consumers. If the products are safe for Canadians to consume, they should be safe for our farmers to grow for our consumers as well.

• (2040)

Mr. Willem de Boer: In conclusion, our producers are doing what they can with the resources available to them. We have assumed increased costs associated with CQA, our industry's on-farm HACCP-based food safety program. We have a national identification and traceability system that will be implemented shortly. Our farmers have environmental farm plans for their operations. We produce the healthiest pigs in Canada and perhaps the world. We are partnering with our P.E.I. processor to grow pigs for specialty markets. And we are going broke.

Our farmers have been enrolled in the CAIS program and similar programs that were supposed to provide safety nets. After four years of depressed prices, it is apparent that the current mix of what we now call business risk management programs does not provide adequate coverage. In spite of all of these programs that were supposed to work, our farmers are going broke.

We can't blame our farmers, as we continue to grow the best food in the world. But the extra costs are crippling, and farmers are facing the grave reality that unless something changes very soon, we cannot

continue to farm in Canada. We want to farm, but we need government to listen to what we are saying. Our government has to be truly competitive with the policies of other countries. We don't want much—just a level playing field—and we need you to find that for us.

Thank you.

• (2045)

The Chair: Thank you, gentlemen.

Mr. MacCallum is next for five minutes, please.

Mr. Doug MacCallum (As an Individual): Thank you, Mr. Chairman, committee members, ladies and gentlemen. I'm not much of a speaker.

I'm a hobby beef farmer in Brackley Beach. I call it a hobby farm because when I wake up in the morning I feel like I should be strapping a steel helmet onto my head, a couple of shell belts across my chest, and taking a sawed-off rifle to feed my cattle because of all the legislation that the government is doing. They don't really have to legislate the farmer. All we need is a level playing field. If we make a bit of money, we'll be the best stewards of the land you have ever seen.

Anyway, I'm married to a wonderful woman. I have two wonderful kids, and they are in university and college. They don't have any student loans or whatever because I saved their family allowance and invested it for them.

I have a letter here, and I'm going to shorten it up a bit: "All I'm asking for is a level playing field. If the American farmers get \$71 an acre to grow their crops, then the Canadian farmer has to get \$71 an acre to grow his. Don't try to tell me there is no money for such an idea, because agriculture creates hundreds of billions of dollars—\$686 billion in the last 20 years."

I feel I also have to have the right to farm policy, not more legislation. I want to give you a couple of different scenarios.

Say a farmer from Saskatchewan, let's call him Percy, is an organic farmer, and he and his wife spent most of their lives growing organic canola. One day Monsanto sprays Percy's crops with Roundup and some of it does not die, so Monsanto seizes his crop, takes him to court. They sue Percy for all he's worth. The Canadian judges award Monsanto everything, and on top of that, Roundup probably would not do much for Percy's organic certification.

Example number two: An American farmer plants his rice in the spring, and all of a sudden they find a kernel of genetically modified rice in some of the seed. The American government would order the remaining seed destroyed and the planted seed down, but the farmer would be compensated for his loss. Monsanto would not be allowed to sue this farmer as they did to Percy in Canada.

I will get back to my original point. The government gave me a tool: they legislated that I had to belong to a farm organization to give me a voice. It's the only piece of legislation I can thank them for, and I'll use that voice. I am going to write Scott MacArthur a cheque for \$300, half of which is for my dues, and the other half will go towards a fund that will take the provincial and federal governments to court.

I think the NFU and the farm federation should come together to also support this idea—and anyone else who thinks that Canadian food should be produced in Canada, not brought from other countries. The way it is going now, eventually Canada will have to give the U.S.A. our water, our electricity, and our oil to pay for food for our tables. Not only that, our sons and daughters will have to go to Afghanistan and Iraq, or wherever, to fight Bush's wars.

I know that times are rough for our farmers, so if a farmer calls me and supports my idea, but they are short of cash, I will donate another \$150 on their behalf, and I will never disclose their name.

In closing, I'm aware that it is a busy time of year for farmers, but this is something I can't do on my own. We farmers need to be united in this cause. If you don't want my help, just let me know. It seems that the food for our pets is more important than our own food. If this idea doesn't work, I'll only be out \$150 to \$300, and I will sell my farm and move on. I am not going to go into more debt or continue to bang my head against the wall any longer.

I didn't make any presentation, but it just seems like there has to be a question asked, and that question is this: does Canada want Canadian farmers to produce the food, yes or no? It's a very simple question, and I've asked a lot of people. Most of the people give me answer very quickly, but I found two people, one in Charlottetown and one in Ottawa, who can't give me the answer.

This farm crisis has been going on for so long that it's just normal—yes, there's a crisis in agriculture—but it doesn't really need to. That \$400 million is a drop in the bucket. The beef industry alone has been out between \$15 billion and \$20 billion in the last four years, and that's only one part. The potato industry is losing money hand over fist. The pork industry is losing money hand over fist.

• (2050)

I'm not much of a speaker, as I said, but anyway, on February 7 the government announced it will seek to invoke article 28 of the General Agreement on Tariffs and Trade, GATT, which allows them to establish tariff-rated quotas to limit milk protein imports. This is a positive step that should have been taken a lot sooner.

I was talking to the manager of the new beef plant today. They have to pay a hell of a tariff just to put our beef in the Island stores, and that's wrong. They're bringing in beef from Venezuela and everywhere else, and that's wrong. The government has to stand up. These corporations don't pay any tax. The taxpayers are getting sick and tired of propping up these corporations. They're led to believe they're propping the farmers up, but they're not propping the farmers up.

Food has to be paid for one way or the other.

The Chair: Thank you, Mr. MacCallum. Your time has expired.

Mr. Doug MacCallum: My time has expired?

The Chair: But you can add more in the question round.

With that, Mr. Steckle, you're kicking it off. Five minutes, please.

Mr. Doug MacCallum: I had one more comment.

The Chair: We're into questions. Maybe you can work it into some of the questions.

Mr. Paul Steckle: I know the time is short. We have just a little over half an hour to go. I don't really know where to begin, because what I want to say I've said so many times in the last four, five, six days.

But do people really understand, when money is delivered, how much of that program money has been delivered? We had a program last year...and the government committed to spending more money in agriculture than any government had ever spent. Do we know if that money has been spent? We now have another \$1 billion committed—\$400 million and \$600 million. Is that money going to be delivered?

Would it not be fair to ask government, any government, to give us an audit before a new budget is presented, saying this is the outstanding money that's still attributable to farmers for the 2003-04 crop year on their CAIS programs, or what's outstanding on the BSE, the recall of moneys now? I understand a lot of people are being asked to repay money they had taken earlier. This is not the way any other industry that I understand operates.

I'm a farmer also, in Ontario. We experience the same problem. For the life of me, I cannot understand why Canada will not take the position that it's important to feed its people. Until we come to an understanding that feeding our people...but we've had so much food. I said this to a certain farmer, and he said, "We have food security." Only because we have it, he believes we will always have it. But it may not always be that way. If the ADMs of this world and the Cargills of this world, the big players, the Loblaws, the Sobeys... They're controlling things. We don't have competition out there.

So basically we're now talking about treasuries and the Canadian treasury being smaller than the American. But we're operating from a budget that is balanced. The Americans are operating from a deficit side of the ledger. I think we'd better start getting serious about looking after those people who are feeding our nation. And if we do that, then I think we will find the programs. I can't get into all the programs, but I think we need that commitment. We have to believe in that. If we don't believe in that, we will never realize programs, because they're going to be ad hoc from here until the second coming. That's just the way it's going to be, and by that time there won't be farmers left.

Now, you can comment on that if you wish. I've said a lot of things, but I do believe in food security. I do believe that one government should deliver that program. There's one farm plan in the U.S., not 50 farm plans, and I think the sooner we come to that realization.... Let's start thinking outside of the box, because if it's not working, as Dr. Phil would say, then do something about it.

The Chair: Mr. MacFarlane had his hand up first.

Mr. Ranald MacFarlane: Yes, I'm speaking as a dairy farmer, Paul, and I don't want welfare. I think it's unjustified. As a hog producer, as a beef producer, I don't want to know I'm getting safety net money or I've got off-farm income money to subsidize my operation when Maple Leaf and Loblaw's are making corporate profits.

Is it really about subsidizing farmers, or is it about subsidizing the whole corporate system? The farmers have been sold down the river here.

• (2055)

The Chair: Mr. MacCallum, very quickly.

Mr. Doug MacCallum: In 2004, on December 2, 151 cow-calf farmers on Prince Edward Island received \$530,148, and every cent of that had to be repaid. The CAIS program stabbed the cow-calf operators in the back.

I think we need immediate debt relief for the Prince Edward Island farmers, an immediate cash-out for Prince Edward Island farmers; supply management has to be protected at all costs; agriculture should be taken out of the world trade talks; and there has to be a law passed in Canada stating that food processors cannot be food producers.

Also, I'd like to see work started on building a biodiesel plant here on the island to squeeze the oil out of soybeans, or whatever kind of beans there are, and to take fat from the hog plant and beef plant and use it to burn SRM, specified risk material, so they can generate electricity, or whatever they want to do with it.

Also, because of the way the CAIS program is so friggid up, I want it scrapped.

The Chair: Thank you, Mr. MacCallum.

Mr. de Boer.

Mr. Willem de Boer: We talk about a lot of money from the federal government, and the provincial government is kicking in once in a while. We appreciate that. But one thing—and I know a zero is nothing—is that most of the time they forget a zero behind most of the numbers: \$1 billion should be \$10 billion.

After hitting a mid-life crisis, I left a government job in Holland and started hog farming 12 years ago. I started with about a \$500,000 debt and now have a \$750,000 to \$800,000 debt. I'm still farming because some people have certain trust in me, but it's not all in my control.

But I mean, we need money, as he said. Some debt has to be forgiven, otherwise we cannot keep going. From \$500,000 to \$800,000 in debt in 12 years' time doesn't make sense. That's not how we farm. I'm still farming, but for how long I don't know.

That debt does not make sense. We need forgiveness from a lot of loans. FCC is a federal operation; let them kick in and forgive 50% or 100% of our debt. Third world countries have debts like that, and they should forgive the debts of third world countries, so they can start from scratch and go from there.

We need forgiveness of loans. We cannot keep going like this; it's too much. It's hanging above all of our heads. No one is excluded; it's everybody.

The Chair: Thank you, Mr. de Boer.

[Translation]

Mr. Bellavance, you have five minutes.

Mr. André Bellavance: Thank you Mr. Chairman.

Thank you for your presentations.

Mr. Ling, you are not the first one to say that we had enough studies and that it is time to get the job done. Many people share this view, particularly in Quebec. Ms. Fyfe referred to the consultations done by the Senate Committee. The federal government is also doing a round of hearings on APF 2, and the former government had done a consultation round on APF 1. The Standing Committee on Agriculture and Agri-Food is travelling in Quebec and the Commission sur l'avenir de l'agriculture et de l'agroalimentaire québécois is having its own study.

I think that consultations are very important. Our party itself is involved in consultations. I participated in various consultations on land use, and also travelled throughout Quebec to study the future of agriculture. Consultations are very important, but you are right to point out that they must be followed by action. I think we must do both. Presently, there are many questions about the future. Before you, some young farm producers underlined how important it was to have a vision. As a grain producer, what is your vision? You said as a quip that you had no idea what the situation will be 19 years from now. Based on your experience and the input of members of your organization, how do you foresee the future of agriculture, and more importantly, what shape should this future take?

• (2100)

[English]

The Chair: Mr. Ling.

Mr. Allan Ling: Thank you for the question.

Yes, I do agree that we have to participate in this type of forum. I have participated in these a lot of times over my history in farming. When we did the consulting for the APF 1, the first round, I didn't feel the people who did that process got the right message back. That's why I referred to a feeling among farm producers that there's a bit of an understanding among the bureaucrats and the policy-makers. I'm not trying to take anything away from anybody when I say that, but it is very tough for a person who's not a producer, who's not dealing with the pressures of everyday....

I'll give you a little example. Yesterday I turned on my computer and said, well, I should go in to the bank and look to see what my status is. Gee, I'm overdrawn! Here we are, at this time of year, and we're two months away from getting our spring cash advance, which I had told my banker last February should do us. It should do us. So I had to call him today and say, you've got to get me some more money to get me through this until that advance comes.

I don't want to sound like a pessimist all the time. I'm an optimist, or I wouldn't be doing what I'm doing. I love farming—but I do get tired of it.

But to speak about the vision, I know there's confusion across the country. I would love to farm in Quebec, where I think I would be doing better as a farmer now. I talk to one of my associates there every once in a while, and we joke about it back and forth. I guess the vision I have is that we should try to reverse the trend and put some optimists back into agriculture.

And I like your idea, Mr. Steckle, that we have to have an agriculture policy in this country. Why I say we can't continue with rounds of meetings is that we need action, and we need it darn soon. We need it as soon as possible.

But in the grains and oilseeds sector we're quite excited about the biofuel industry. We're looking at options right in this province, although it's very small, and we've been told by people from other provinces, let's say Saskatchewan, that we can't do it in P.E.I. because we're too small. Well, we're proving with the beef plant in Albany that we can do something and that it doesn't have to be on a Cargill scale.

So I do believe we need that vision, and we need to move forward quickly.

Thank you.

[*Translation*]

The Chair: Thank you very much.

[*English*]

Mr. Miller.

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

Ladies and gentlemen, thanks for being here. It's good to be in P.E. I.

Ronald, there's one thing I want to say to you: it is definitely not a waste of your time to be here. I'm a farmer too and I can tell you that one of the most frustrating things, which I've always had in view and still have as a politician, is how slow the system works and changes.

But don't ever feel that it's a waste of time. You have people around this table from all parties, and I can tell you, speaking for my colleagues from other parties, that we all have a genuine concern for agriculture. That is a fact.

We have many problems. One I talked about is the slowness of government. One of the biggest problems we have—and Wayne, Paul, and Charlie have been around for a long time—is the bureaucracy. When we go away as a group from these meetings that we're holding, I can tell you, we don't have our minds made up. Hopefully we'll have some good ideas, and we already have some—I've heard a lot of good ones tonight—but sometimes I'm not so convinced that the bureaucracy has.

Another problem we have—and this goes back 35 years and all colours of government, I'm not just picking on one—is that there hasn't been the dedication and what have you to agriculture, or the respect it should have. That has to change. And it isn't just in the federal government; it's in the provincial governments.

We've heard talk today about having one delivery plan. I know Paul believes in that, and I'm beginning to think the same way. But my province of Ontario is one of the worst; they will not give that

up. Maybe the federal government is going to have to deal with it in the transfers, as somebody said here. That'll make Danny Williams happy, I'm sure. But that is a problem.

Another problem we have is within the different commodity groups. I've sat on a lot of different farm boards through the years, and every one has their own agenda. It's that “divide and conquer” mentality.

Another problem we have is with the general public themselves. They see farmers driving big fancy tractors. I'm not being critical about this; it's a fact. We need them, whether they're new or older, to do our jobs. But people look at them and ask, what's the big issue? In their minds, they're paying a high price for food.

I don't really have a question. It's more of a comment. But I can tell you I've heard a lot here. The only thing I am convinced of is that we need to find some innovative ways, as the Americans do, to deal with different things.

Somebody earlier tonight had a suggestion about CFIA inspection costs. They were particularly talking about the potato industry, but I think inspection fees are one thing government can look at in all commodities and possibly cover.

I'm probably out of time, or close to it, Mr. Chairman. I'm going to leave it at that and turn it over to the next colleague.

• (2105)

The Chair: Mr. Ling wanted to make a comment, and then Mr. MacCallum.

Mr. Allan Ling: Thanks for those comments. I couldn't agree with you more.

I believe that the feds come out with some good proposals, but they get stopped at the provincial level. We are very concerned about that 40-60 split.

I also know that as a politician you can have some tremendous ideas and the will to do things properly, but they can get stalled and stopped forever in that bureaucracy that you guys have to deal with. I sometimes question that. You guys should be the policy-makers of this country; tell them to do what they're supposed to be doing. But I know how difficult it can be. I think you run into it at the federal level much more than at the provincial level.

It comes the other way around. We just had a budget pass provincially. In my opinion it's obviously an election budget, but we didn't get very much for agriculture. I think it mentioned \$500,000 for the organic farmers, but there's more than organic farmers in this province. And I'm not trying to knock the organic farmers.

Thank you.

The Chair: Mr. MacCallum.

Mr. Doug MacCallum: I went through the CAIS program from A to Z. It's not a bankable program for the farmer. It's sort of stacked against the farmer, because they take your last five years of income and discard your best and worst years; those are the two years that would give the farmer the biggest pay-out. Then they use the three average years, which don't give you much pay-out. Right now everything is in a decline, and so it doesn't work for us, especially for cow-calf operators.

The appeal process is illegal, because you cannot take a lawyer into the appeal process. The government is using your friends and neighbours to put the rope around your neck, so to speak. They're doing it at arm's length, but they can say, oh no, it was the farmers themselves who lynched Doug MacCallum—that sort of thing.

The Chair: I hope not.

Mr. Doug MacCallum: Well, they tried to last Thursday, but I'm still walking.

The Chair: Anyway, Mr. Miller's time has expired.

Mr. Atamanenko, you're on.

Mr. Alex Atamanenko: Thank you. I have so many questions and not enough time.

Karen, maybe I could start with your comments on the WTO, and I know others have mentioned it also, that maybe agriculture should not be in the WTO. What about NAFTA? Do we look at NAFTA? We know that, for example, in my province of British Columbia, NAFTA has hurt vegetable producers—they've gone out of business—and apple growers are fighting dumping. At the same time, we know much of our agriculture industry is export oriented. Do we go for bilaterals? Is that the key?

Mr. Harding mentioned minimizing the threat of trade action. How do we fit that in? We know our hog industry wants to get access to Europe. Instead of having a 0.5% quota, we should be getting 5%, as was kind of agreed on. So how do we put all this together if we in fact take agriculture out of the WTO?

Then we have the whole issue of food security and what people have been mentioning, what's the vision? Is the main vision to feed our country and to be secure? How do we put all that together?

Maybe you could start, Karen, and then we could get some other comments.

• (2110)

Ms. Karen Fyfe: Thanks for the question, Alex.

It's a huge kettle of fish, it really is, and it's a complex business, but at the same time, I think our federal government, along with our farm leaders, have to take the blinkers of naiveté off. When we have a negotiator sitting around an international table at an international forum, we have to come out as strongly as possible to defend our producers, to defend our farm families across the country who are trying to supply food to local markets and balance that with the export markets.

To me, it's more of a balance. Right now, we're so skewed to the position of trade policy, not agricultural policy. We have to get back to a more balanced position where we have a domestic agricultural policy where feeding our own people by our own producers is equally important and as relevant as exporting any of the product.

Just because we can do something doesn't make it right—and Mr. Harding, no offence intended here, but I'm going to pick on the hog industry just a little bit as a rhetorical question. Just because corn and grain can be grown in Brazil at an extremely low cost of production, and then the Brazilians can transport that corn or grain to China and allow the Chinese to finish their hogs, and just because those hogs can then be transported back into Canada at a much cheaper price to

the consumer, does that make sense? Just because it can be done, does it make sense to do it, given the fact also of the transportation costs in there and that cumulative effect to global warming?

Just because something can be done, is it right, or are there other issues that we should look at, such as sustaining our own rural communities, such as trying to reduce transportation? The 1,500-mile Caesar salad that we're all so well-acquainted with...just because we can do it, does it make it right?

As our president, Stewart Wells, says, there's a reason that the WTO was called the World Trade Organization and not the World Income Protection Organization.

Mr. Alex Atamanenko: Are there any other comments?

The Chair: Mr. de Boer, and then Mr. Ling.

Mr. Willem de Boer: I have a comment on the amount of pigs coming into Canada. Between 60% and 70% of Canadian pork is being exported. Lately more and more pigs, not live pigs but meat, have been coming into the country. The biggest concern we have as hog producers is that those pigs are being raised in China, being raised in especially Brazil and Mexico. The meat comes over the border, and as long as it looks red, it's okay, so let it come in.

We know certain things, we hear certain things, and we read certain things about how those pigs are raised, what they get, what antibiotics, and all those things. It's much different from what we have. I think Canada should have a much stronger food inspection agency at the border. For instance, if you bring your meat in, show us where it comes from, what it had, and whether the same standards as ours were applied. I think that would be already a big step forward. Most of it's from Brazil and other places. You can't enter them; I think it's almost impossible for our country to enter them.

Those things should be really strongly looked at. For those people, a container going over the Atlantic Ocean is \$3,000, and they can put 30 tonnes in there—more, if they want. What's that per kilogram or pound? Not much. So for those people, if they can sell it for a few cents less, at \$3,000, it's still cheaper than buying it over here.

So I think the Canadian Food Inspection Agency should look at that more seriously.

• (2115)

The Chair: Very quickly, Mr. Ling; Mr. Atamanenko's time is up.

Mr. Allan Ling: In response to your question, I do believe Canada is a trading nation and we will continue to be. We can't put a fence around Canada. We have to be a player.

I've never been in WTO negotiations or anything like that, but from the reports I hear, Canada plays a very strong role in our negotiations. We don't get everything we want, obviously, but in supply management we have done well to hold what we have. Hopefully we can continue to do it. When you get 146 or 147 countries against one, it has to be a tough role, but for the livestock and the grains and oilseeds, we have to be there.

So on that, I do support where we're at.

The Chair: Thank you, Mr. Ling.

Mr. Easter, it's your turn.

Hon. Wayne Easter: Thanks.

Thanks, folks, for your presentations.

Willem, on the debt numbers you outlined, George Brinkman, an economist out of Guelph, came out with figures a week before last. The figures indicated that between 1981 and now, really, Canadian farm debt has increased 300%, and U.S. farm debt has increased 20%. Then when you look at the subsidies that actually go to the farmers, the Canadian government has subsidized over that period of time 116% of farm income in Canada. In other words, our share out of the marketplace was negative. In the United States, their government, although they subsidized higher, had a share of farm income of only 37%.

That's the reality of the world we're in, and of where we're at.

Nobody has really mentioned this to any great extent, but should we be looking at basically restructuring the...? I think Randall mentioned that we're looking at BRM in absence of most other things. But should we be looking at a federal government program for support in other areas, like the HACCP program? Farmers are picking up that cost, but it's the consumer that benefits. Inspections fees, farm health and safety, public health and safety—should we be looking at all those areas, which are green under the WTO so are allowable? It gets money into the farm community and it's not a subsidy. I don't know why we don't look at that, and some environmental programming as well.

Perhaps you would think about that, and if anybody has a response, I'd like to hear it.

There are a couple of specifics that we need on the record.

You mentioned, Randall, a national farmed animal health strategy. Is there general agreement by industry on that? Who has it been presented to? It's something we may need to include in our report.

On another point, a lot of people seem to indicate that we need a different disaster component under federal programming. What should it cover? Should it cover trade disputes or not, and what should the share be? If there's a flood in a city, the federal government pays 90%. If there's a flood on farmland, the federal government pays 60%, if they pay at all. Should there be 90% funding by the feds in terms of disaster, whether it be disease, such as BSE, trade action, or whatever?

The Chair: Mr. Affleck.

Mr. Randall Affleck: In regard to the national farmed animal strategy, my understanding is that there's been discussion at the policy level within about 13 organizations nationally with CFIA. The trouble is on launching it to the next step to get some meaningful coordination. It's why it was promoted that we should push this issue.

Hon. Wayne Easter: Could I ask this then, Mr. Chair? Whoever the chair is of this grouping of 13 groups, could a letter be written to the chair of the committee, if there's agreement, asking that it be specifically stated in our report as a component of APF 2?

• (2120)

Mr. Randall Affleck: Okay.

If I could add, on your question on different disaster insurance, from our industry perspective, because supply management is what it is, a strong case can't necessarily be made for market insurance. But I'm concerned that producers don't have adequate coverage for disasters.

As a farmer, whether it's 60-40, 90-10, or 100%, I really don't care. It's public money that should go to the producers, but it's important. In particular, smaller provinces that rely heavily on agriculture are at a real disadvantage on the 60-40 split. For example, at a minimum, federal dollars shouldn't be tied up waiting for provincial dollars, in my view. If you can't get the perfect scenario, the federal dollars should minimally flow.

The Chair: Mr. Harding.

Mr. Robert Harding: Thank you, Mr. Chairman.

On Wayne's comment about some of the CFIA costs, inspection fees and so on being assumed, it would be green if we called it green under the agreements. It's only a heads-up. If it's seen to be that, I think there would be support for it from industry, for sure.

On some of the concerns that Allan brought up about people wanting to hold on to their own power, I know the CFIA came up with the business alignment plan a long time ago that was basically cost recovery. I know our sector said it was fine, and we wouldn't use it anymore. It didn't matter that whatever was cut out, they said they'd charge it on this now, and it didn't matter. There are a lot of people within that structure who are trained to do that. They won't want to give it up.

Karen, I didn't take any offence at what you said. The free enterprises in our sector that we see are very careful. As Willem said, we produce 50% more than we eat. It has to go somewhere, and it has to be very targeted.

I think our big concern is from a competitive point of view, if a product is not allowed to be used by our farmers on farms, even though it's cheap...it's because Health Canada hasn't approved it—which we all support. But for eight years, the Americans were allowed to use it, and we could buy it in our grocery stores all across Canada. So if it is not good for Canadians to eat—or is it? There was a disconnect there. I think there was anywhere from \$2 to \$5 per pig for the benefit of producers in the States, and we didn't have that. It's now approved in Canada...but it was a disconnect anyway.

Thank you.

The Chair: Thank you, Mr. Easter.

Mr. Devolin.

Mr. Barry Devolin: Thanks, Mr. Chair.

We've certainly heard a lot of good ideas today, both this evening and this morning in Truro, and a lot of common themes, I think, that we're going to take away.

I want to talk a bit specifically about the CAIS program. It's been said that while success has many fathers, failure is an orphan. Well, CAIS seems to be an orphan for me, because I have yet to meet anybody who will claim responsibility for coming up with it in the first place, or any organization that says it supported it at the time.

I think, Mr. Harding, you pointed out, I guess, the fundamental flaw—or one fundamental flaw, anyway—which is that it's not predictable and therefore not bankable. That's because when you fill out your forms, you don't have all the information you need to plug into the formula to spit out a number at the other end, the way we do with our income taxes—you might make a mistake, but basically it spits out a number that tells you either what you owe or what you're going to get back. With CAIS, you have to wait.

I had one farmer say that he'd found the best accountant he possibly could, a guy who helped set CAIS up, and he was told he was going to get somewhere between \$8,000 and \$43,000. You could ask a kid on the street and they probably could have guessed a similar confidence interval.

I'll start with Mr. Harding, and maybe others will want to jump in. Is it possible to take the CAIS program and change it so that it actually is bankable, so that it is predictable? There's a semantic argument: would it still be CAIS or would it be something else?

Are you familiar with any work that's been done? Is there a similar kind of whole farm program, a fix, that would address that problem, which is the predictability and the bankability of it?

● (2125)

The Chair: Go ahead, Mr. Harding.

Mr. Robert Harding: Thank you.

I think this committee heard from the Canadian Pork Council a month or so ago. The safety net committee of that organization certainly worked with CFA and others to go through some of the years before CAIS was ever developed, when we had NISA and we were getting out of tripartite. There was a tremendous number of really good ideas, some of them that would actually work for farmers. But they cost a lot of money. I think that was the actual, real reason. I know some of it's hidden behind trade issues and so on, and frankly, I think some of it is hidden behind trade issues that maybe aren't really there. If the will is there, then there's a way to do it.

We do have a team of well-intentioned bureaucrats who will cling, to their deaths, to this program because they believe absolutely in it, that it's the right program, and so on. Actually, I met with one a couple of weeks ago. He said, "But in principle, it's the right program." I said, "No, it's not. Our farmers are going broke. You can philosophically talk about that all you want, but it's not working." "Well, it works in some places," he said. Well, maybe. But that's where they're coming from, so I think that's a big challenge, too.

I know, as Allan said, that you guys are the policy-makers, but you have to rely on these people who are there. They're not all mean-spirited, but sometimes the ones we meet are.

The Chair: Mr. Ling wanted to get in on this, and Mr. MacCallum as well.

Mr. Allan Ling: I don't think it makes a difference what you call a program. There's nothing wrong with the word "CAIS", and yes, I do believe it can be made to work for us. But the changes have to be made. And we have taken, across the country, some positive steps, like adding the NISA-like approach to the top tier. I believe that's a step in the right direction.

I don't think we have to throw the whole thing out. But when you're based on a declining margin and historical prices, that's where the problem with it comes in. You can't live in the past, and that's what we're trying to do.

The other thing, of course—and we keep talking about it—is the predictability and the bankability. We all know about that.

To answer Wayne's question, yes, of course, if we can take advantage of some of the programs that are green, then we certainly should be doing that. And I think I alluded to that in my opening remarks.

The Chair: We'll have Mr. McCallum and then Mr. de Boer, very quickly, because Mr. Devolin's time is almost up.

Mr. Doug MacCallum: One thing about the CAIS program is that the advance is based on a fixed amount, and then the program itself is based on a margin amount, and the margin formula takes away from the fixed amount. That's what happened to the cow-calf people. We got a fixed amount of \$100 a head for our cows that had calved. But when the margin formula was used in the program, we lost that, and our money from the government then became a loan. The only way we could access the money was to join the CAIS program.

I've never belonged to any government program in my life, and I don't belong to the CAIS program today, even though they told me in the premier's office that I should join it. But I said that once I am stabbed in the back by a program, I will never join it again. I quit it really quickly.

The Chair: Mr. de Boer.

Mr. Willem de Boer: About CAIS, I have to say the same as Allan, and I want to take my only example again. I've been there 12 years now. The first two were very good years, and then 1998-99 was a really bad year. I got \$80,000 out of the program at that time. Afterwards, I got a couple of thousand dollars out of it. Last year, with personal expenses, I lost close to \$100,000 again. The bookkeeper told me there was no money, no CAIS.

It doesn't help, and it can help somehow.... So if you could go back to the CPC and talk to them, there are certain ideas. The protein council has certain ideas. I don't have all the knowledge they have. But it does not help; at least, it did not help me, and that's what I want to emphasize.

I think the green idea is a great idea, but it should be more... [*Inaudible—Editor*]. Going into Smithfield Foods and the other people.... Smithfield is the biggest one in the whole world. They want to have loose housing. I don't have a problem with loose housing for sows; we can do it, but again it costs money. The consumer wants it, and we have to cough up all those costs. The space per pig—I don't know how many square feet it is; let's say it's two square feet. They want to have it at two and a half; they want to upgrade it because there are too many pigs in a pen. That's okay with me too, but it's on the backs of farmers. They're going to have to cough it up.

We cannot say to the processor that we want to have 10¢, 5¢, or 1¢ more, or whatever it costs, because it's costing us money. We can't do it. The consumer wants it, so we have to cough it up. If that falls under the green idea, please advise us and send me the form. I will fill it in.

The same is true with the options program. My wife works with me on the farm. We have a part-time hired hand once in a while. We want to go into that options program. The two of us are in the negative, and \$25,000 is waiting for us—no forms. You can get it in the fall of this year.

She asked me to hire a bookkeeper to come up with a plan. If it stays like this, then they're going to want liquidation. There's no money at all, so I don't know how.... If the prices go up, I have to spend another \$2,000 or \$3,000 on an accountant. Whatever I can get out of the options program, if I'm eligible for it...but I cannot get into it.

• (2130)

The Chair: Thank you.

Mr. Hubbard, you're batting cleanup.

Hon. Charles Hubbard: Thanks, Mr. Chair.

It's a real conundrum that we're dealing with. It seems that in supply management the producer is a factor in the price that they're going to get for their commodity. Things seem to be going fairly well. If you look at the other areas, then you find that it seems to be price that most people are complaining about. If you look at all the inputs, costs, and returns, everybody concentrates on price as the cause of their problem.

I'd like to ask a question about CAIS's bureaucracy. It's a very expensive program in terms of needing bookkeepers and accountants. I've heard complaints, and maybe we'd like to get something on the record.

Also, regarding the bureaucrats, most recognize that within the public service today, senior departmental managers do not have to have agricultural experience. Maybe the person ran a DFO office and suddenly becomes an assistant deputy minister, because it's simply a case of being a good manager. Maybe he ran a prison down here in Nova Scotia, and then they put him in as an assistant deputy minister. This is happening.

Mr. MacFarlane, you were going to fire one for every farmer who lost his farm.

Also, Mr. Harding, you referred to this. Are you getting good cooperation, good understanding, from our federal bureaucracy when you deal with them? Or is it simply that they know everything and don't seem to understand much about farming, and you can't seem to relate to them?

I think Darlene is ready to answer that.

To me, to give you money and then want it back, this is kind of a....

The Chair: I have Mrs. Fyfe first, then Mr. Harding, and then Ms. Sanford.

Ms. Karen Fyfe: Thanks for the question. I'm going to approach that from a slightly different tack.

There was—I don't think there is any longer—a small bureau inside the policy directorate of Agriculture and Agri-Food Canada, called the farm women's bureau. I'm a personal friend of one of the people who worked there. She has no connection to agriculture, except that she likes to eat. She wants to make sure that a healthy amount of farmers stay in the business. What that tiny little bureau was able to do for farm women across this country was absolutely fantastic. She was a clearing house for us. She notified us of important meetings coming up. She said, do you want on the agenda, and can we get you on the agenda? She was a real advocate for farm women, and not just women of the National Farmers Union, but women—

Hon. Charles Hubbard: Don't take all my time. I only have five minutes.

Is this thing gone? Are you talking in the past tense?

Ms. Karen Fyfe: Yes.

Hon. Charles Hubbard: Okay, I don't mean to—

Ms. Karen Fyfe: They received no money, and they've been told that because it's policy driven they don't want to go there anymore, and if it's research driven, they don't want to go there anymore.

The Chair: Mr. Harding.

Mr. Robert Harding: Thank you. I'll talk quickly.

All kidding aside, you have a lot of people working for you who are professionals, who do an excellent job, and let's not kid ourselves. We got frustrated when we went through this APF facilitated session a month or so ago, and we're not sure where that's going to go at all. And maybe it's not the people there, but the people we deal with and the people we've developed a relationship with are professional. They do a good job. We don't want to give you the impression.... We get frustrated with them when they know prisons and they know DFO offices and they don't know anything about what we're talking about. Understand that, and maybe that's a little bit of this, but generally speaking, it is important you understand that is the case. They feel very passionate about what they're doing and they think they're right, even though they may not be.

• (2135)

The Chair: Ms. Sanford.

Ms. Darlene Sanford: As to the lack of understanding, we saw that with BSE when the initial programs were designed and the Canadian Cattlemen's Association was invited to sit around the table. They told the program designers the program would not work the way it was being designed and that the money was going to go straight to the packing plant. Governments went ahead. They insisted they were right and put the programs in place anyway, and you can't blame the packing plants for taking the money or stealing it or anything else when the government gave it to them, because they didn't follow the advice of industry. So there are a lot of people up there who do not understand the basic functioning of agriculture.

There are a lot of professional people up there who are very well-intentioned, but my biggest frustration is when they ask for advice or if they don't understand how an industry like the beef industry works. If they go to the trouble of asking a group like the Canadian Cattlemen's Association to give them advice on a program, why would they not follow that advice?

The Chair: Mr. MacCallum.

Mr. Doug MacCallum: I think the money that comes from Ottawa should come through the TISP program, and that way the farmers would get the money and they wouldn't have to worry about it being a loan. The federal government spent about the same amount of money tinkering with the CAIS program as they're passing out to us. If it comes through as special events or whatever, then it's only a loan and it has to be repaid anyway.

I'm not a whiner or a crybaby, but with the price of grains and oilseeds and so on, now the people with the feedlots can't pay me as much for my feeders because of the price of the grain, so I'm going to lose out again. And I've already lost money big time for the last four years. If they built a biodiesel fuel plant here, at least I could grow soybeans and I would make some money that way.

I do a lot of off-farm work because my net farm income has been zero for the last four years, and the only help the government has been is to send me a bill for \$2,800.

Thank you.

The Chair: Thank you, Mr. MacCallum.

I want to thank all of you for coming, for taking time out of your busy schedules to make presentations to committee. It will help us to finalize our report that we will present to the House of Commons this spring, which I hope will provide some influence to the government as it moves ahead with its APF discussions with the provinces, which they are going to be doing at the ministers meeting at the end of June.

I appreciate the comments that were made on animal health. I'm a cow-calf producer. I want to make sure the animal health issue is dealt with. We have had a number of comments made on that so far. The Canadian Animal Health Coalition has also presented to committee and brought up some of the issues they had, especially with disaster compensation when it's disease-related, and changes to the Animal Health Act to make that more of a pillar.

Also, one of the reasons for doing these cross-country hearings is the comments you made about the concern of whether ideas and issues from those consultation rounds, which so many commodity groups and so many farmers have attended across the country, will be brought forward to the final report, so this is a reconciliation against that process. This one of course is politically driven, but all parties are represented around this table.

Again, thank you very much.

Thanks, Wayne, for inviting us to P.E.I.

With that, we're adjourned.

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