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Chair

Mr. James Bezan

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•(0840)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order.

I want to welcome our witnesses to the table today, as we continue our study of the agricultural policy framework on our cross-Canada tour. From Agrobiopole, we Hervé Bernier; from the Quebec Federation of Maple Syrup Producers, Pierre Lemieux; from the Fédération de la relève agricole du Québec, Benoit Martin and Jean-Philippe Deschênes-Gilbert; and from the Union des producteurs agricoles de Lotbinière-Mégantic, Maurice Vigneault.

Welcome, all of you, to the table.

For opening comments, you have ten minutes per organization. We'll hold you to that, so that we will have more opportunity for discussion and questions from the members of the committee.

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

[Translation]

Mr. Hervé Bernier (Director, Agrobiopole): Thank you very much.

This morning, I'm going to talk to you about the role of innovation in the agriculture and agri-food field.

First, I should put the agri-food industry in a regional perspective. In eastern Quebec, the agri-food sector, including agriculture, generates 8% of regional GDP, compared to 7% for all of Quebec. We're talking about 16,000 jobs in the region, 20% of total regional employment. So this is a fundamentally important sector for the region.

In a series of articles published in *Le Soleil* in December 2005, the following headline appeared concerning the Quebec bio-food industry: "A gold mine for major cities and regions". The article reported an average growth rate of 3.8%, compared to 2.5% for the Quebec economy as a whole. That remarkable performance of the agri-food sector was essentially due to value-added production. That seems quite promising, but what challenges are we facing? Those challenges can be classified in three categories: the productivity of businesses in the face of globalization, preserving quality of the environment and the aging of the population.

With respect to productivity, we know that, in 2006, Canada slid down the economic competitiveness rankings to sixteenth in the world. In Quebec and even Toronto, people claim that our labour force is responsible for the lack of competitiveness. I think that explanation is simplistic. To be more competitive, businesses located

elsewhere in the world invest in research and development and in renewing their technological stock. However, our businesses have been content—and here I'm speaking in general, not specific terms in the agri-food field—just to take advantage of the weak exchange rate on the Canadian dollar in producing at competitive prices and exporting.

As for the environment, farming practices are increasingly being called into question by environmentalists and citizens. There is every reason to believe that, in the coming years, the environment will remain a central concern for citizens. Our businesses must therefore adjust to this situation, which can also be a source of new opportunities.

As for the aging of the population, this phenomenon will clearly have an impact on the agri-food sector, particularly on the labour force, the transfer of farms and the size of businesses. However, it will bring new opportunities for the industry. We note that consumers are increasingly concerned about food safety, the consumption of so-called health food products and health in general, a concern that agri-food can address.

As regards innovation, it must be understood that our society is increasingly urban. More than 80% of the population lives in urban areas. Major economic thinkers tell us that we should invest in biotechnology and aerospace, as well as in the financial, software and pharmaceuticals industries, sectors which are said to generate wealth. But for whom do they generate wealth? For the major centres and the big cities like Montreal and Toronto. What's being done about the regions and agri-food?

Earlier I mentioned to you that it had been statistically proven that the agri-food industry could bring about development. Our experts and thinkers will have to consider the opportunities afforded by the multifunctionality of rural land and the bioeconomy in the context of post-industrial society's changing concerns about quality of the environment and health.

Canada and Quebec have a green advantage that can be a source of opportunities that must be seized in various industries such as specialty products, decentralized processing technologies and agri-materials such as bioplastics and biofuels, in particular.

•(0845)

Adequately supported by experts, rural areas are capable of innovating and producing added value by developing the bio-resources in their areas in a sustainable manner. By innovating and reinventing agriculture, it will be possible to secure the future of our rural areas.

In closing, I'd like to emphasize that, in all the analyses that have been conducted, and even in the development of the first Canadian Agricultural Policy Framework, it has been proven that there is a deficiency in the chain of innovation in the area of technology transfer. We must ensure that the research and research findings get to the businesses. Collectively, Quebec and Canadian society has established research centres, centres of expertise, but, in my view, they unfortunately operate more or less in a closed circuit. I think it is high time we changed this situation. How do we go about changing it? We need to mobilize stakeholders and to create synergies with other players, like the training institutions established in the territory?

College-level agriculture and agri-food training institutions account for 80% of students considering a career in agriculture and agri-food. These people are the future, and they are able to introduce innovations and to relay the information to businesses. They are credible agents of change. We have training institutions across the territory, and those institutions, more specifically in Quebec, are not being used to their full potential. We could consider using training institutions as primary partners for technology transfer. These institutions are already working with future farmers; they are training them and they are also training future agricultural consultants, as well as farmers and consultants through continuing training. So this is an environment that is highly conducive to technology transfer, a weak area that has previously been identified and which, to my knowledge, has not been corrected as of this time.

The attempt that was made was to put agents of technology transfer in the research centres and universities. Pardon me, but it didn't work, and it won't work that way. We have to be close to the agents of change and to rely, bet on youth.

Strictly by way of example, I'm going to mention to you that, if you consider the situation in Quebec, three college-level agriculture and agri-food training institutions have 1,200 students and reach more than 5,600 individuals a year through continuing training. These are resources that are out there, that are available and that can be put to work. So instead of working in isolation, why not create synergies with institutions and organizations that already exist? In my opinion, that's what's lacking. If we want our agriculture to be competitive in the years to come, yes, we have to rely on innovation, and the way to introduce innovation is by working in networks.

Agrobiopole is a coalition of centres of expertise, training institutions and economic development agencies that want to work together to create an environment conducive to the emergence and growth of innovative businesses in the regional agri-food sector. To do that, there will also have to be policies that support this type of research.

Thank you very much.

The Chair: Thank you very much.

Mr. Lemieux, you have 10 minutes.

Mr. Pierre Lemieux: I can wait till the others have finished. These people were in a hurry.

The Chair: Mr. Martin.

Mr. Benoit Martin (President, Fédération de la relève agricole du Québec): Good morning everyone, and thank you for travelling

here. My name is Benoit Martin, and I'm a dairy producer established 30 minutes to the east of here, near La Pocatière. Jean-Philippe Deschênes-Gilbert, who is with me, is the Secretary of the Fédération de la relève agricole du Québec.

The Fédération de la relève agricole du Québec is a coalition of young people 16 to 35 years of age that has 1,500 members in Quebec. The main mission of our organization is to improve start-up conditions and to work to provide young people who will be setting up in agriculture with better preparation. We are affiliated with the Canadian Young Farmers Forum, and we had the opportunity to meet with you in Ottawa in February.

I will briefly outline the situation regarding the transfer of farms in Canada. Canada loses 10,000 farms a year, 28 a day. At this rate, there will be less than 100,000 farms left in 15 years. Assets have enormously increased in value in the businesses. In Canada, the average farm is worth \$1 million. Business profitability is currently lacking, revenue has been poor for some years now, and indebtedness has obviously very much increased. People have tried to improve their profits by expanding their businesses, but they have also gone into debt in doing so. There are currently twice as many farmers over 55 years of age as are young farmers under 35. Young people move into other industries. A lot of young Quebecers are going to work on the tar sands in the west. I imagine the situation is the same in other provinces. If nothing is done in the regions, there will be so few businesses left that young people will no longer be able to find a place to set up in farm businesses and will instead have to move into the major centres.

The first issue that we've identified is promoting the transfer of existing farms to a new generation. There are needs related to that, including assistance and support. Young people are entering the business, but others are leaving it. So we have to guarantee some financial security for the people who are going to retire. There must be better business development planning. Human relations are also a very important factor in the context of farm transfers; this is one aspect that must be singled out.

I'll give you a specific example of what's currently going on. One producer in my village has two children who work in Quebec City and who aren't interested in taking over his business. He'd like to transfer it, but he's having trouble doing that, for financial reasons. Since the young person to whom he'd like to transfer the business isn't from the farm itself, he's having trouble transferring it to him because, among other things, he's lacking the assistance and support, resources and financial security to retire. The producer, who wanted to transfer his farm, will probably be forced to sell it. That's one specific example of what's going on in my village.

There is a second issue. We at the Fédération de la relève agricole du Québec think that we have to enable new young people who aren't necessarily from the agricultural sector to enter the business. We have to enable them to enter the agricultural occupation. There are needs in this regard. The biggest need is for capital to be able to buy a farm, because it's currently difficult to gain access to capital. Assistance and support services are also necessary. There has to be access to technical knowledge. We also have to develop a mentoring service, to make use of producers who are retiring in assisting young people who want to start up a business.

There's one specific project in the Lower St. Lawrence region, which is the neighbouring region. It's a sponsorship project, a kind of business incubator. It seems to be working well, but there is one problem: these are young people who are interested in going into this incubator. Ultimately, these are abandoned farms that could be made available to young people, with whom we could match sponsors, mentors who could supervise them. This would work, but the young people who want to start up are really short of cash and don't have access to capital to buy these businesses.

We've identified potential solutions that we would like to submit to you. First, I think we should put young farmers at the centre of the renewal component. We've talked a lot about advisory services, but you also have to make your own farmers central to Canada's agricultural policy. Currently, very few aspects of the Agricultural Policy Framework deal with young farmers. As I said, we have to open up to a new generation of young people who don't come from the agricultural sector.

● (0850)

I think it's young people who could be dynamic and bring another vision. Agriculture and Agri-Food Canada's working paper says so in the following words:

Facilitating the entry of new producers will have major impact on competition and the long-term sustainability of Canadian agriculture.

Ultimately, all these young people who come from elsewhere and who have seen something else could bring new energy to agriculture. In France, the emphasis has really been placed on this. The President of Jeunes agriculteurs de France told us that it is young people who achieve the greatest success in agriculture because they have experience in other areas. They really built on this and it's working.

There are a number of provincial initiatives. In Quebec, there is the Fédération de la relève agricole du Québec, but there are also coalitions in Prince Edward Island, Manitoba and Nova Scotia. A number of other provinces currently have a kind of coalition. In Quebec, that has been around for longer, but we realize that, across Canada, there are really good leaders in all Canadian provinces. So we should rely much more on the coalitions of young people across Canada.

By way of a second solution, earlier I talked about access to capital for beginning farmers. It's all well and good to rely on the skills and knowledge of young producers, but if they don't have access to capital, they won't be able to start up in agriculture. In its working paper, Agriculture and Agri-Food Canada mentions that new businesses are facing special challenges in starting up their operations, particularly as regards financing and capital investment.

In agriculture, to be able to borrow \$1 million, which currently corresponds to the average value of a farm, you have to have approximately \$400,000 in cash. I don't know a lot of young people who are in that situation. The only people who can have that money are those who have a very rich uncle or a parent who has sold his woodlands, for example. Very rarely can a young person secure such a sum of money. So it is virtually unrealistic to think that a young person can borrow \$1 million. But that's what you have to do now in order to start out in agriculture.

In our view, there is a solution to this problem. In Quebec, we call it patient capital. I don't really know what's it called in the other provinces, but patient capital is financing on conditions that are advantageous for the young people, including, for example, interest holidays in the first years and very low repayments. Not a lot of organizations are offering that in Canada right now. We should consider setting up a fund for that purpose.

An assistance and support role should be put in place for young beginning farmers. We were thinking of a federal assistance fund. It should be left to the provinces to manage the fund based on the needs of the young farmers. The assistance I was talking about could take the form of farm banks. We should establish a bank of names of people who want to leave the business and another of names of people who are interested in entering the business, to give them the opportunity to speak to each other. Currently, the only way to find out whether there are farms for sale is to flip through the pages of *La Terre de chez nous*. However, we also know that some young people are interested in entering the agricultural sector. So there's probably an opportunity to do networking among these people.

In closing, if I became Quebec's Minister of Agriculture tomorrow, I'd like to receive a budget envelope so that I could support the next generation of farmers. With that money, I would do some of the things I talked about earlier: farm banks, an assistance and support service, particularly for human relations, which are very important; a patient capital fund to support young farmers; a mentoring and sponsorship network; support for organizations that bring young farmers together, such as the Fédération de la relève agricole du Québec and Canadian Young Farmers Forum; the creation of technical and economic guides and files that could help direct young people to various types of establishments. With that, I think that, within 15 years, we could really reverse the downward trend in the number of farms. I think that's a realistic objective.

● (0855)

The Chair: Thank you. Mr. Vigneault.

● (0900)

Mr. Maurice Vigneault (President, Union des producteurs agricoles de Lotbinière-Mégantic): My name is Maurice Vigneault, and I'm a maple syrup producer and forester and President of the Fédération de l'UPA de Lotbinière-Mégantic. That region is located a little to the west of where we are right now.

I see that there is a lasting and worsening income crisis in Canada, one which Quebec has not escaped. Some of the indicators alarm us. Outside incomes accompany the incomes of agricultural producers, that is the incomes from spouses or part-time work. Currently, 40% of our members are part-time members. It's not that we wouldn't like them to be full time. You have to take that figure for what it is: an indication that increasing numbers of people are having trouble living solely from farming. There's an increasingly strong trend toward part-time farms, which is not wrong in itself, but it's a disturbing indicator.

The crisis is no doubt due to the global context and to the development of markets in general, which the agricultural market can't escape. Approximately 10% of agri-food products in the world are exported, but this phenomenon is resulting in a drop in overall farm incomes around the world. Quebec hasn't escaped this situation. We are in a situation where a small portion of our products has a great influence on the majority, or on a very large part of agri-food products. These are observations.

If we want Canada or Canadian producers to emerge from this situation, we absolutely have to improve the way we support agriculture in Canada. And when I say support, I'm talking about investing money. But it doesn't stop there. We have to be able to provide our producers with better assistance in coping with this new challenge if we want to maintain a dynamic agricultural sector in Canada.

I won't repeat the comments by the Fédération de la relève agricole du Québec. I think its representatives presented them very well, but I'm going to support their concern about the next generation of farmers. We have an aging farming population. It's not because we're aging faster than others; it's that young people are not going into agriculture, and the average age of farmers is quickly rising. That shouldn't make us panic, but it should make us see things as they are. It's less and less interesting for young people to go into agriculture, for all kinds of reasons, the biggest one being economic. It's not because it's hard work, because, when you're passionate, you do the work whether it's hard or not. Young people are as passionate as we are, but they can't afford to act on their passion. I won't repeat all the suggestions that have been made to you; I support them all. I want to assure you that we, as a union organization, are as concerned as the Fédération de la relève agricole about the difficulties involved in starting up in agriculture.

To meet all these challenges, we will need flexible programs that complement those in each of our provincial organizations, in each of the regions of Canada. We don't need situations where the thinkers of one government organization go against the thoughts of other government organizations. We need levels of government that cooperate in order to offer us complementary programs, not one level of government that imposes its vision on the other.

Producers have to be involved in developing those programs, through their organizations, so that those programs are well suited to our new situations, which are constantly changing. Agriculture is evolving very quickly, so we have to adjust quickly. We're the ones realizing that first.

I'm going to speed up because I only have 10 minutes. I'm discussing the themes quickly, and just giving you an outline. Some

things you've been told many, many times. We're confirming them for you, repeating them and adding some points.

• (0905)

First, let's talk about traceability. It's very important that we be able to establish good traceability mechanisms, but all of that will ultimately lead nowhere if Canadian consumers can't correctly identify products that come from Canada or Quebec.

Recently, one of my colleagues told me that he had found olives produced in Quebec in the supermarket. By what miracle of nature have we started to produce olives in Quebec? I don't know. But if you can have doubts about the origin of those olives, imagine how it is in the case of strawberries and apples. Consumers are completely tricked. Once traceability is done, you absolutely have to make that identification possible and easy for the average person. The entire traceability system serves no purpose if consumers ultimately can't conclude, for example, that olives don't come from Quebec.

We have a society that is increasingly demanding about its products. We are entirely prepared to offer high-quality products. We're already doing it; we've established all the necessary mechanisms. We are partners in that effort; we've established traceability programs, in particular in the cattle industry. We are putting them in place for lambs and sheep, and we're going to continue along that line. All that is being done to meet society's requirements, and, to date, only producers and the government have invested a little, a lot, in those mechanisms, in starting them up. Now producers, to all intents and purposes, bear those costs alone, whereas the objective is to meet society's requirements. It is unacceptable that we should bear these costs alone, when producers in other regions of the world sell us products that are not consistent with these mechanisms and with which we have to compete.

As regards innovation and research, we need it; it's promising. We need mechanisms to support producers who engage in it. I particularly want to draw your attention to basic research. We need to develop knowledge in fields where no one will do it because there are no market opportunities. Companies will invest in research to develop new phytosanitary, service and mechanical products. But when it comes to understanding environmental phenomena, climate adjustment phenomena that are currently changing, it takes basic research, and no one except the government wants to invest in it. So the government must absolutely continue to play its role in this area because it's based on that that we'll be able to develop applied research and to get people interested in investing in it.

With regard to advisory services, we've developed good mechanisms in Quebec. We have good expertise. Things are progressing quickly. Among other things, we need to support our advisors to enable them to keep up to date on new knowledge. We can't ask producers to support all that. We can ask them to support part of it, but we'll need government investment so our agri-environmental, management and agricultural technical advisors are up to date.

In environment, we need a companion government that will help people get motivated and support the entire environmental approach. To date, every time we've assisted producers in pilot projects—we can give you some examples—people have willingly gotten involved and taken major action. Yesterday, I witnessed an effort in a small watershed, a project in which 100% of producers are involved. Probably within two years, they're going to correct 100% of their river bank and take action in the waterways, with the assistance of the federal and provincial governments. When we do it, it works; we have to repeat these experiences. We have to assist producers in this effort.

I'd like to add that environmental improvement is important for agriculture and agri-food, but it's also very important for society in general. This isn't an agricultural mission; it's a social mission. If we don't provide producers with social assistance in this effort, we won't be able to meet the challenge in a way that meets expectations solely with our own resources. Once again, I'm not just talking about money. I am talking about money, but I'm also talking about government assistance in the areas of information, knowledge transfer and understanding of phenomena.

Now let's talk about support programs.

• (0910)

We need support programs that will enable us to be competitive with other countries. Some of them provide major support to agriculture. They enter our markets and don't respect the moral aspect of the commitments they've made to trade liberalization. It hasn't worked, and we have no indication that things will change for the better. We are stymied by the competition, and government support should be commensurate with these problems.

As for the need to simplify the program, I'd say that no agricultural producer is now able to understand the ins and outs of the CAIS program. The accountant may say that everything's going well, that he's done the work instead of the producer and that the producer need only sign the cheque at the same time as the one to pay his fees; nevertheless no producer is able to understand this program. It's too complex. That's why it has to be simplified. It tends to encourage the separation of businesses. Some produce pork and beef, but tend to separate these types of production because the program is more profitable that way. Diversified businesses, that's our agricultural model in Quebec, but we're jeopardizing it with the CAIS program. Changes will have to be made to it in order to stop this phenomenon.

It's also unacceptable for an individual who is both an agricultural producer and an electrician to derive full income security benefits for the agricultural part and for a producer with two types of production to be affected by this situation. There's a kind of contradiction in that. Ultimately, people are being encouraged to do both agriculture and something else. Soon agriculture will become a tax shelter and a way of getting grants. People will be electricians or school teachers while also being farmers. I have nothing against those occupations, but that's not at all what we're looking for. That problem has to be corrected as well.

As for training, I think it's high time we developed new methods for providing people with agricultural training when they are young. Continuing training is fine, and I encourage it, but we have to make

our procedure more flexible so that we can train people before they enter the labour market.

There's a great example of success in Quebec. You have to go look at the training school in Mirabel. The secondary and college levels are in the same building. There's no division between the two, which guarantees good continuity. I think that model should be reproduced in other places because the population pool in the rural areas of all the Quebec regions is inadequate to feed the secondary and college-level occupational training schools. We have to find a way to provide more appropriate training that is more within people's reach. Otherwise we'll be seeing an exodus. Go look at Mirabel; it's really interesting. I won't say any more.

I've gone on a bit long, and I apologize for that.

Thank you.

The Chair: Thank you.

Mr. Lemieux.

Mr. Pierre Lemieux (President, Quebec Federation of Maple Syrup Producers): I'd like to welcome you more particularly because you're from my region. I live in the neighbouring municipality of Cap-Saint-Ignace. The town of Montmagny is my major centre. I'm a maple syrup producer. In our region, maple syrup production occupies a very important place. In my region of Montmagny—L'Islet, which represents 50% of Mr. Crête's riding, we produce more maple syrup than Ontario and New Brunswick combined. So you see the importance of maple syrup production for the region.

As a maple syrup producer and representing producers—I'm President of the Quebec Federation of Maple Syrup Producers—I must tell you that I'm very pleased to be able to address the representatives of all the political parties today. This is the first time I've had the opportunity to speak to all these people at the same time. Very often, we meet one on one with the people from the parties and we tell them a bit of our story. But this is the first time I'll be able to tell it to everybody at the same time, and I'm very pleased about that. Thank you for your attention.

The Quebec Federation of Maple Syrup Producers represents 7,300 Quebec maple syrup producers. We produce 90% of Canadian maple syrup. The turnover of Quebec's maple syrup producers is approximately \$175 million. You often hear that maple syrup is a recreational type of production. We like to talk about it and eat it, but we're never inclined to think about it as a type of agricultural production involving risk, like all other types of agricultural production. I can tell you that maple syrup producers have now reached an industrial level and that their businesses are comparable with those in other sectors of production. Producers would like Canadian agricultural policies to recognize that there are risks, relating to income, climate conditions, disasters caused by winds or bad weather. We as producers would like those tools to be accessible to us as well.

I'm going to tell you about more specific issues. We can earn income in two ways in the farming sectors. We can earn it in the market, with provincial regulations that may be accessible as a result of existing federal regulations. In the maple syrup sector, we earn our income in the market under the Quebec Act respecting the marketing of agricultural, food and fish products. That act stems from acts and regulations at the federal level allowing offices to regulate at the provincial level. As it concerns us, it's very important that it be preserved. It should even be reinforced.

In a globalization context, producers are left to their own devices, and there has been a concentration of capital. Yes, there is a concentration of producers, but the capital concentration is much greater than the producer concentration. Even if we think we are better armed and better equipped to sell our product, I can tell you that, when we're left to our own devices, without regulations enabling us to structure and giving us collective tools, we're in even greater difficulty than before globalization. I ask you not to weaken the regulations, but rather to reinforce them in order to give producers the means to organize and regroup so that they can seek the best possible prices in the market.

I'm not necessarily asking you for money. I'm asking you for tools, resources to enable us to make money. I find it inconceivable that maple syrup producers should be forced to resort to programs like stabilization insurance and so on. Our product is unique. If we want to be able to put it on the market, we have to have tools in order to organize.

I would also like to talk to you about the product's safety and wholesomeness. In the maple syrup sector in Quebec, we as producers have established our own tools to control our product. All our maple syrup is classified and inspected before being sold to processors. We observe that some processors import maple syrup from the United States, from Maine and Vermont among others. No quality control is conducted on these products. We find it deplorable that that maple syrup can enter Canada without undergoing the quality controls that we have set for ourselves. When the time comes to export it, we'd like federal regulations to see to product traceability and impose certain requirements for that purpose on all people who export.

• (0915)

The regulations currently leave that open. People can request inspection certificates from the Canadian Food Inspection Agency, but they do it on a voluntary basis. If they don't request it, they can export the product like that, without having subjected it to CFIA's quality controls. In the licences, businesses are asked to be responsible. Given that one or two visits are conducted a year—sometimes none—we feel there is too much flexibility in the exporting of maple syrup. We'd like there to be stricter control of businesses that export maple syrup. All the acts and regulations that we have passed must be implemented, and all producers must support them. There shouldn't be just one small group supporting the system to the detriment of all others.

Now I'd like to talk about renewal. In the context of the Agricultural Policy Framework, we've been a bit spoiled. We have benefited from certain Agriculture Canada research programs. We'd like that to continue in the future.

With respect to research, we ask that new money be allocated to it. A little more should even be allocated. On the other hand, we wouldn't want that money to be taken from the income security mechanisms. It has to be a new monetary contribution. In our opinion, the future depends on research and innovation. We don't want that to be done to the detriment of other sectors such as income security.

The same is true for market development. The Federation of Maple Syrup Producers is very satisfied with the latest Agricultural Policy Framework. Agriculture Canada recognized that we were the organization administering the SPCA program. We can go after the money available at Agriculture Canada in order to conduct generic promotion of maple products outside Canada. That's been very beneficial for us in recent years. We'd like that to continue.

I'm going to talk a little more specifically about the income security programs. Agricultural producers are of the view that there must be a lot of flexibility in income security program administration. In the maple syrup industry, we've introduced an inventory management mechanism. In Quebec, we manage a maple syrup bank in order to offset weather conditions. That bank contained as much as 60 million pounds two years ago. Today it contains 37 million. Next spring, at the start of the harvest, it will probably contain 20 to 22 million.

In the future, however, we would like to have an additional partner to support that reserve. The only ones currently supporting this strategic reserve are the producers and Financière agricole, in other words the Government of Quebec. When you manage a strategic maple syrup reserve, that's the equivalent of income security mechanisms for the producers of Ontario, New Brunswick and Nova Scotia. They can produce maple syrup. They live in regions where they often produce before we do. I'm thinking of Nova Scotia and Ontario in particular. So they can sell all their production before we do. New Brunswick's production is similar to that of Quebec in terms of the sap flow. However, it's not necessarily a province with a high export volume. Since the producers haven't organized a marketing board, they sell their maple syrup to processors, who buy it before buying syrup from Quebec. Quebec's maple syrup bank is the organization that manages the income security mechanism for all Canadian producers. Consequently, the CAIS program will virtually stop intervening in the maple syrup sector.

If managing a good maple syrup bank with stable prices produces good results for all Canadian producers, why wouldn't the federal government invest with us to support this reserve so that Quebec producers always have an interest in managing the inventory in the most economic way possible so that there is stability in the maple syrup sector?

• (0920)

What we'll need to supplement our income mechanism is a process to manage weather conditions. Ultimately, it would suffice to develop a form of harvest insurance that would be accessible in order to offset weather conditions, versus small or large harvests, in terms of production.

The other element we need in the maple syrup sector is a disaster program. When wind storms occur and trees are uprooted, sometimes all our equipment is in place. If we no longer have any woodland in order to produce, that's a net loss. Producers no longer have any income for a number of years because it takes at least 40 years for our trees to be able to produce. So we have to wait 40 years before we have another tree that can produce the same yield. So maple syrup producers absolutely need a disaster program. Moreover, as a result of the high winds that occurred this summer, some Quebec producers lost a large part of their maple stands and are still waiting for programs. They haven't received any assistance.

Early in the winter, in the first days of December, there was an ice storm between Ontario and Quebec. Producers suffered quite significant damage to their sugarbush, even more significant, I would say than in the big ice storm in 1998. They're still waiting for programs; they haven't received any assistance. We think these are unacceptable situations. In the maple syrup industry, we can no longer live this way, in view of the investments we have made.

For example, for a sugarbush of 10,000 taps, it takes an investment of about \$500,000 to \$600,000 to purchase the woodlot and equipment, in order to be in production. We've reached levels comparable to those of all other types of production.

I've done a brief overview of everything I had to ask you as the federation's representative. As I said earlier, I hope that talking to the members of the three parties at the same time, to all our representatives in Canada, we'll expedite the maple syrup industry file, mainly as regards border controls and the need for income security programs such as those that have been put in place, in order to meet the needs of Canada's maple syrup producers.

Thank you.

• (0925)

The Chair: Thank you very much.

[English]

Mr. Steckle, you're on first, five minutes, please.

Mr. Paul Steckle (Huron—Bruce, Lib.): Thank you, gentlemen, for appearing this morning, and we look forward to our time today in the province.

To our friend in the maple syrup business, I am also a farmer, and I come from an area where we produce maple syrup, but in smaller quantities.

The recurring issue that has come up from time to time as we have travelled across the country is this whole issue of over-regulation in Canada and under-regulation of product coming into Canada.

I want you to know we've taken note of what you said this morning in terms of product coming into Canada, and how it comes under less scrutiny than our own product we produce here. That's something we need to look at very seriously for the benefit of young farmers. What we need to see is some sort of an emerging theme in how we look forward in terms of our programming to ensure there is a generation of farmers to replace us.

Those of us who live in other provinces—and I live in the province of Ontario—look at Quebec as probably having a premier

program in the ASRA program. I'm going to put this to you, Mr. Martin, in terms of the ASRA program and you as a young farmer. If those continuing programs similar to that program were to be there, would that give you enough incentive to want to go on?

I want to go on to ask you to respond to the issue, because you talked about mentoring. I've seen a program proposal that would see young farmers being able to access ownership of an operation, or perhaps a father would deem his million-dollar operation to be something he wants to pass on to his son, but there's a taxable issue. The son would take it over, the father would hold the mortgage for 20 years, he would pay off the mortgage over 20 years at \$50,000 a year—and we're using numbers here as an example.

If we could have tax laws accommodate that, would that type of program be something that would be interesting to young farmers because the father could continue in a mentoring role? It could be anyone else for that matter, but in this case it could be a father or a friend. I'm wondering if that type of program would be something, and if it were a tax measure, then perhaps this committee needs to look at how we address this issue with the government in terms of changing tax laws to accommodate that. How do you feel about that?

[Translation]

Mr. Benoit Martin: You talked about FISU, which, unless I'm mistaken, is only in Quebec. It gives Quebec agricultural producers some security and a certain amount of credibility with their creditors. When you go to the bank and you have a production protected by FISU, you run much less of a risk, in the case of bad weather, for example, than other producers in Canada. That's a definite advantage for us.

You also talked about mentoring. Transfers from father to son are often pleasant. In my case, for example, the transfer is being done gradually. So I'm acquiring a lot of knowledge from my father about the herd and fields, and it's very interesting. However, in the case of a transfer from one person who isn't related to the owner of the business, that can be done more suddenly. A beginning farmer often has less access to mentoring services from the seller.

You raised the taxation option as a way of spreading out the transfer. In Quebec, we think that tax measures are an option that should be given priority because, currently in Canada and Quebec, if a producer wants to retire, regardless of whether the business is dismantled, sold to a neighbour or to a young person entering the business, the tax rate remains the same. The person transferring his business to a young person will transfer it at half or one-third of the price obtained by the person who sells it, but it is taxed in the same manner. So we think that something should be done in this regard to lighten the tax burden for those making the effort to transfer their business. We think it is inconceivable for a person dismantling or transferring his business to be on the same footing from a tax standpoint. Something should be done on this matter, which would permit the entry of young people who have not necessarily come from the agricultural world and who are, for example, the nephew of a producer. It could also be a producer's son, but who has not had the chance to take over the business because there were other children in the business. That often happens. That young person might take over another business. By favouring these young people through the tax system, we could really help them take over existing businesses that operate well. It's easier to take over an existing business than to restart a business that has stopped for four or five years. Taking over a business where the herd is already performing well and the equipment operates well is something that's relatively easily done. So we think that taxation would be one option to favour.

• (0930)

[English]

The Chair: Thank you, Paul. Your time has expired.

[Translation]

Mr. Crête, you have five minutes, please.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Thank you, Mr. Chairman. Thanks to the committee for choosing to come to Montmagny, and thanks to the people of this great region for responding so well.

I think you're providing interesting pictures of the situation. We are in a region where agriculture has always been very important. We've acquired tools in the past, and we still have them today.

Imagine a youth who leaves the ITA in La Pocatière, which is the local agricultural school, and who works in agriculture for 20 years until the age of roughly 40. You talked about a number of measures earlier. I'd like each of you to give me a measure that you think provides for a significant change that should be made, such as promoting processing. We have excellent producers. Perhaps we should become producers and increasingly go into the market at the same time. I'd like each of you to tell me the main measure you would like the federal government to put on the table, within the vision of the work you're doing right now, so that we have conditions that contribute to ensuring that agriculture in the region is still healthy in 20 years.

Mr. Pierre Lemieux: First, I think we absolutely have to maintain the opportunity for producers to organize and market their products jointly. I think that's been a badge of success in the past and will remain so in the future, if we want to do business as producers. We can't ask producers to be simultaneously workers, agricultural operators, business people and people who are concerned with

selling and processing their products from start to finish. I think there are value chains for production and processing, and everyone has a right to work at that level. As regards production, the need for tools to organize common marketing in a globalization context is even more important.

The second essential element is the control of products that enter Canada. They have to be of equal quality. We require of ourselves that we meet specific production conditions. If we don't have the same requirements for other countries and we allow their agricultural products to enter Canada, how will we be competitive?

I think those are the two essential elements that we'll need.

Mr. Paul Crête: Does anyone want to add anything?

Mr. Maurice Vigneault: I don't like giving a single answer, but if you're requiring me to do it—

• (0935)

Mr. Paul Crête: Control your answer.

Mr. Maurice Vigneault: I would tell you that, if I absolutely have to give a single answer, I would choose the most urgent measure. Quebec has an excellent income stabilization program, FISL, which we talked about earlier. It must be clearly understood that this is an income stabilization program. So its mission, its role is to intervene in the case of upward and downward market changes in the cost of production.

We're currently competing with income support programs elsewhere in the world. So to supplement an income stabilization program, we would first have to have a program in addition to that one, which does not interfere with it, which is an income support program, because that's what we're competing with. Either we set ourselves rules for controlling imported products that are shamelessly subsidized elsewhere, or else we decide to introduce income support measures like there are elsewhere. It's one or the other, but that's the most urgent issue.

However, with this program alone, agriculture won't make it. We need a lot of other measures that, once again, are not necessarily amounts of money, but rather ways of doing things and the opportunity for producers to acquire the means to make maximum income in the market, as Mr. Lemieux mentioned. This program alone—

Mr. Paul Crête: Wrap it up.

Mr. Maurice Vigneault: This program alone will not be enough.

Mr. Paul Crête: You have one minute left, I believe.

Le président: Mr. Bernier.

Mr. Hervé Bernier: I would have tended to answer that, in the globalization context, the products that enter Canada, as was mentioned, are not subject to the same rules as those of the domestic market. In my view, that's not a trend that will be reversed, but rather than will accelerate. So we'll have to rely more on the processing of our products and on specialty products in order to be in specific value chains that guarantee us access to markets where there is added value.

The Chair: Thank you very much.

Mr. Devolin, you have five minutes.

[English]

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thank you.

Thank you for being here today.

On the issue of food safety and imported food, on the TV, both last night and today, as I went past CNN there were stories about concerns in the United States about food safety. The great irony, of course, is that a pet food problem has brought this issue to light.

I want to talk about access to capital for young farmers and this challenge of how we get another generation of farmers on the land and into the business.

My riding is about an hour north of Toronto. The challenge there is that when a farm comes up for sale, farmers are competing with non-farmers—I always say lawyers from Toronto—people who are looking for a recreational property. That has driven the price up.

When you were trying to figure out how a young person could afford a farm in this area that is worth \$1 million—just to pick a number—if the young person is not buying it, who else is buying that farm? Is it another farmer who's buying that farm for \$1 million? I'm getting a head nod. That means there must be a business model—an existing farmer feels it's worthwhile to pay \$1 million to buy another farm because they can make it go.

For young farmers, is it the availability of capital? As you were saying, if you have to have 30% or 40% down, that is \$300,000 or \$400,000, and then you borrow the balance from a bank. In the housing market we went to high-ratio mortgages 15 years ago, where you could borrow more than 75%. Is part of the solution figuring out a way to help young people finance that farm? Is that the challenge?

[Translation]

The Chair: Mr. Martin.

Mr. Benoit Martin: When you buy the farm from a stranger, you often have to invest 100% of its market value. In the dairy industry, for example, young people who enter the sector often succeed more than those who have been there for a number of years. Young people are excellent producers. In all types of production, they are dynamic and manage to make their production profitable. On the other hand, they are unable to repay 100% of the value of the farm.

A fund could be created so that the downpayment, which represents about 30% or 40%, is not payable in the first 10 years of the life of the business, for example. The young person would really be able to take off and, at the end of the tenth year, start to repay the downpayment. That's an idea we find interesting. However, it doesn't solve the problem of the speculation that's carried on around the major cities. It also happens in Quebec.

Whatever the case may be, by enabling young people to be on an equal footing with the producers around them, we will definitely enable them to invest and devote themselves to their farm.

• (0940)

[English]

Mr. Barry Devolin: Right, and I appreciate that the issues around major cities are happening all over the world. It's nothing unique to Ontario or Quebec.

Getting back to my question, in the housing market, the Canada Mortgage and Housing Corporation was created. It stepped in and would actually sell insurance, basically, for people to be able to have higher-ratio mortgages, 90% or 95%. So for those who could afford the payment on the house but just couldn't get together the \$50,000, or whatever it was, as a down payment, this helped them into a house and then they'd just pay off the larger mortgage over a longer period of time.

Specifically, if there were a program that allowed young farmers to get a higher-ratio mortgage—that's really what I'm talking about—is that the kind of thing that would help young farmers? You'd still have to pay it back, and maybe there would be some interest rate assistance in the first few years. That is doable. I don't know how much it would cost, but that's certainly doable. Is that the kind of thing you're looking for?

The Chair: Monsieur Martin.

[Translation]

Mr. Benoit Martin: We think that would really be a good solution, to the extent that we could spread it out over a longer period and at lower interest rates. This is a system that has previously been in place in Quebec. Of course, you have to take into account the business's level of indebtedness and not make it so that, by providing easier access to credit, you raise the selling price of the property of a person who wants to retire from farming. However, I think this is an interesting idea.

[English]

The Chair: Thank you, Barry.

Monsieur Lemieux.

[Translation]

Mr. Pierre Lemieux: We talked about farms that are in production. Benoit raised the issue earlier. When these farms are sold, there should be a kind of obligation for them to stay in production. I'm not necessarily talking about regulations, but rather about a tax framework whereby the business, once sold, would remain in production. In those conditions, quite significant tax benefits would have to be offered.

With regard to the transfer of farms, I think the future of agriculture will depend on advantageous tax measures, so that businesses stay in production. In cases where the business is sold for speculative purposes and the buyer makes it merely a hobby, the vendor would not enjoy any tax benefits. Financing together with patient measures could constitute a form of assistance that would encourage young people to stay in agriculture or to start up farm businesses.

[English]

The Chair: Thank you.

Mr. Atamanenko, you're on.

[Translation]

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you for being with us this morning. I'd like to hear your views on agriculture in Canada, but, first of all, I would like to ask Mr. Lemieux to clarify one point.

With regard to maple syrup from the United States, you said that it was subject to inadequate quality control. Are there any quotas? Can syrup move freely between the two countries?

Mr. Pierre Lemieux: Yes, it can move freely between the two countries. In Quebec, producers are subject to a quota system, so as to limit production volumes to a certain degree. Earlier I talked about the importance of quality control or safety control in the case of products that cross the border. In production, only a very small core of people are familiar with pure, natural maple syrup.

We have a global market, but, elsewhere in the world, it's impossible to compare that product with another farm product. You can do that in Quebec. European or Asian consumers, for example, have no reference point. If I consume beef, milk or another agricultural product, I can compare it with what's produced in my country. However, for maple syrup, consumers have no point of comparison enabling them to determine whether the product is of good quality or not. They must absolutely rely on what the processor sends them.

Furthermore, our product is not entered in the Codex Alimentarius. Consumers have no reference point, hence the importance of enforcing quality control regulations. This is very important for our industry.

• (0945)

Mr. Alex Atamanenko: I understand, but if I'm a processor, am I entitled to import any quantity of syrup, and, if so, what effect will that have on the price that you want to get here as a producer with quotas?

Mr. Pierre Lemieux: Currently, anyone can import maple syrup as he wishes, based on available volumes. As for the impact on our prices, if the production sector in the United States developed fully, that would normally have the effect of lowering our prices. The advantage in Quebec and the Canadian provinces is that we have a greater advantage in terms of the various factors of production.

Mr. Alex Atamanenko: In volume.

Mr. Pierre Lemieux: Not only in volume. Weather conditions in Canada enable us to achieve higher yields than elsewhere, and that's as a result of freezing and thawing periods. It's in Quebec, mainly in the Chaudière-Appalaches region, that you find the largest number of days of freezing and thawing, which means that we have the opportunity to achieve the highest yields here. The farther south you go, the more yields decline. We note that the difference between the best and the worst year is greater in Quebec than in the United States.

One of our concerns regarding the environment and global warming concerns this factor. Our fear is that there will be an increase in variability between small and large harvests.

Mr. Alex Atamanenko: Thank you.

As regards the vision for agriculture, a few days ago in Prince Edward Island, we had the opportunity to discuss two visions. Do we follow globalization or do we concentrate on food security? You raised the community issue. What should our vision be here, in Canada? Should we ensure food security first, then encourage regional producers, or should we find a solution in the global market?

You know there is a global threat. For example, the Canadian Wheat Board is currently threatened, and it's a collective organization. I'd like to hear your opinion on the subject, if we still have time.

Mr. Maurice Vigneault: When we talk about globalization of trade, we hear a lot of words. We talk about the organization of the global market in particular. There is no global market organization, but rather a global market disorganization. Explain to me how you take chicken from the United States, sell it in Africa for less than the cost to African producers to produce it, destroy their production and throw those people on the mercy of the international market?

As I told you earlier, 10% of products in the global market are exported. We're setting a rule of 90% local consumption around the world. If there was really a world trade organization, we would ask Burkina Faso whether it is capable of producing chicken; we'd let it engage in its production, and if it was short 10%, we would bring in countries capable of producing it. We would let it produce what it is capable of producing at home.

We support the concept of food sovereignty. We don't have any intention of destroying local agriculture elsewhere around the world, that of our colleagues who work as hard as we do and who deserve to earn their living as much as we do. Market globalization has never produced profits for the producers of the world. It has largely benefited major businesses that engage in international trade. They're the ones who benefit from it. If that's what we want, let's let the natural laws of the market, or the law of the jungle operate: the big eat the small.

If we want a Canadian and global society that is based on the protection of resources, and if the people in the communities are involved in the development of their economic and social environment, we will set our own rules for organizing trade, based first on food sovereignty. We will never change positions on that. That's the choice of a society, not only Quebec's, or even Canada's, but global. If we want the population of the world to be able to live in dignity from agriculture, we will indeed have to use the term "organization of trade" particularly with regard to agriculture.

I don't have any intention of competing with the people of other countries, if they are capable of producing their own food. I'm a maple syrup producer, and it's a pleasure for me to ship maple syrup to Japan to give those people the pleasure of consuming a product that's really from my home. However, it troubles me when I have to force down the prices of someone who is having trouble getting by in his country, to enable someone else to make money to the detriment of both of us. We want food sovereignty for that reason. Pardon me, but that came from the heart.

• (0950)

[English]

The Chair: Thank you, Mr. Atamanenko.

Mr. Easter, you're on.

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

I really enjoyed those last comments, Mr. Vigneault, because that's where it's at. The only folks who are gaining by this game we're in right now are the international multinational corporations. The rules that we're talking about at WTO are rules around countries, not rules around the traders themselves.

I have a couple of questions.

I must say, Mr. Martin, I really enjoyed your points, everything from farm banks to patent capital and mentoring. I think those are all good points and they are something the committee needs to address.

Mr. Lemieux, I believe you operate under a single-desk selling system. Is that correct?

[Translation]

Mr. Pierre Lemieux: Yes.

[English]

Hon. Wayne Easter: Our concern right now is the principle. We're dealing with two principles in terms of the federal government's action on the Wheat Board that I think really should be of concern to you. It relates to the agricultural policy framework that we're discussing: will orderly marketing be allowed, and is it a business risk management tool? The government has really moved in the direction that individual choice is what matters, not collective choice. That's what's happened under the government's strategy in the Canadian Wheat Board. I wonder if you might comment on that. What we're seeing there is that whereas producers have always had the collective choice of marketing under the Canadian Wheat Board, now it's going to revert to individual choice. If one seller wants to market outside that system, it really brings down the whole system. That's a concern to us, and I would like your comments on that.

Secondly, to the UPA, Mr. Vigneault, I just want your further comments on this. You said there's an effort to move to diversification within the industry at the farm level, but other programs are jeopardizing that move to diversification. Are you meaning the CAIS program in terms of its all-farm, whole-farm approach, or are you meaning other programs?

Those are my two questions.

The Chair: Mr. Vigneault.

[Translation]

Mr. Maurice Vigneault: I've won the lottery.

Since we have the time, I'm going to start by asking a question about a passage you quoted, Mr. Easter. You said that the rules of international trade are imposed.

Who imposes them? I thought that our states had to define the rules of international trade among themselves. I wonder whether it's they who impose these rules. In my opinion, agricultural producers around the world would like to have a concept of food sovereignty, and many people in society would be quite in favour of that. That would be preferable to the rules of international trade as we know them now.

If it isn't the state that decides this, it's money, but the state should be above money. Perhaps that utopian, but I dare hope that we've established government rules that put human values above the value of money. The states should decide to put in place a concept

according to which money is a tool, and not an end. That's philosophical, but I still dare hope that. I have confidence in the future.

We aren't opposed to a concept that an individual should be supported in a business, but we're becoming aware that the CAIS program—and we now have examples—tends to lead businesses to divide.

For example, a beef producer, a grain producer, a pork producer or a maple syrup producer will divide his business if it is big enough. If it's a small business, he can't afford to do so, he's put at a disadvantage because of a program that works better when businesses are divided. When the business is big enough, you divide it. For example, you make a pork division, a beef division. In that way, you have the opportunity to access the CAIS program.

We're in a form of agriculture that has always been based on diversification. However, this program causes us some concern. The concept of supporting the individual is appropriate. The concept of supporting an entire business is appropriate as well. In fact, experience shows us that producers will increasingly divide their businesses. Some have already begun to do so.

I ask myself a lot of questions about the profile of Quebec agriculture in the future. That doesn't mean that you have to throw everything out. On the contrary, you have to take note of what is going on and try to improve things so that we can derive benefits from one type of agriculture, support human beings in production and not production units: pigs, cows and cattle—they're not the ones that have to have the subsidy, it's us—without that resulting in the division of the business, because that will alter our agricultural profile, but I doubt that will ultimately improve it.

Our agriculture is based on diversity. Here in Chaudière-Appalaches, there are virtually all types of production, virtually all climates, and our agriculture is very much based on that diversity. In my opinion, there is a risk that has to be assessed, and we have to ensure that it's possible to alter this program, so that it is based on human beings, without promoting the division of businesses. That analysis is aimed directly at the CAIS program.

● (0955)

[English]

The Chair: Thank you.

Mr. Miller.

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

Gentlemen, thank you very much for coming here today, and for your comments.

Something needs to be said. Usually this committee is very, very non-partisan; we leave that partisan politics out of it. I regret that I have to use some of my time here, because it's limited, to straighten out something Mr. Easter said.

I want to make it very, very clear to all of you that the Wheat Board is an issue that was very fragmented out west among the producers themselves. They want some change in it, and they've indicated that.

Mr. Lemieux, I would take it, just by the nod of your head, that the maple syrup producers are in no way asking for anything different from what they have. Would that be a true statement? They want to continue selling the way they are in a group. Is that fair, yes or no?

[Translation]

Mr. Pierre Lemieux: In Quebec, yes, it's because we want—

[English]

Mr. Larry Miller: Sir, I don't want to waste time. Could I have a yes or no?

[Translation]

Mr. Pierre Lemieux: Yes.

[English]

Mr. Larry Miller: Yes. Okay.

And it's the same thing in the supply management industry. It is consolidated. Everybody wants—

•(1000)

Mr. Pierre Lemieux: No.

Mr. Larry Miller: I just want to make this point. It is never going to happen in those industries unless the producers themselves want it.

I'm a beef farmer, but I also was in the supply-managed industry. I milked cows. I know what's there, and I know what the feeling is. Marketing boards are run by the provinces. They're provincial. The federal government is not going to get in there, I can tell you that. I needed to clarify that.

Getting on to some of the points, and there was—

Hon. Wayne Easter: It isn't fair to force these individuals to say “yes” or “no”. The fact of the matter is that if one producer wants choice, under your proposal the government would have to allow it.

The Chair: It's Mr. Miller's time.

Larry, please continue.

Mr. Larry Miller: It's unfortunate that we had to spend time straightening out something that Mr. Easter brought up.

Mr. Martin, I was really interested in your comments about helping young farmers. It's a problem across the country. One thing is the amount of capital out there.

I understand the lower interest rates and trying to give some breaks there, but there's something I need to have clear in my mind. On this average farm price—you put it at roughly \$1 million—is that in every sector? Let's say it's a dairy farm—and I know there's a lot of dairy here in Quebec—is it because of the added quota cost? For example, if a guy were going into pork or beef or whatever and didn't have a quota, is it still the same? Does that affect that average price? Is the main cost in there when it comes to purchasing a farm taking up the quota?

[Translation]

The Chair: You may go ahead.

Mr. Benoit Martin: We can definitely attribute a certain part of the harm to quotas. It's forced up the price of farms in recent years; that's true. However, supply management is a system that enables

producers to market milk and to have income security. It's a system that's worth something for producers, but also for the government and the Canadian population. The fact that citizens don't have to pay tax to support the system has a certain value, I believe. Producers have definitely invested in it, and the price has risen, which has also forced up the price of businesses. In Quebec, we recently made the decision to cap quota prices to prevent speculation. Within three years, I believe, the price will fall to \$25,000, which is fair and very reasonable. I don't believe it's really the system that's forced up the price of land and quotas. Instead I think that's more attributable to the fact that there's little revenue in the businesses. Back home, we had little income, so we tried to grow the businesses; we tried to buy out the neighbour. That's the way it was virtually everywhere because our farm incomes no longer gave us a decent living. Net business income was very low.

[English]

Mr. Larry Miller: I wasn't in any way inferring that the cost of the quota was a bad thing. I support supply management; it's looking after itself.

Going further, you talked about that hands-on training. I was the same. I farmed with my dad for the first few years. It helps. You can share equipment, do a number of things. On the training, other than supporting agriculture college and that kind of thing, what exactly would you like to see government put in there to help young farmers?

[Translation]

Mr. Benoit Martin: Jean-Philippe, who is with me, sits at a table on training. He's really our federation's specialist in the field. I could ask him to answer that question.

Mr. Jean-Philippe Deschênes-Gilbert (Secretary, Fédération de la relève agricole du Québec): With regard to training, we realize that, when we talk about farm transfers, human relations are one of the main reasons why a transfer can work or fail. So we think there should be an investment in human relations training. You've seen it, you no doubt had good discussions with your father at the time the farm was transferred. You didn't necessarily have the same vision of the business. We think there should be an investment in human relations training within teams that do a farm transfer.

[English]

The Chair: Mr. Hubbard.

•(1005)

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

It's certainly good to be here in Quebec this morning.

The gentleman sitting beside the chairman, Mr. Fréchette, has of course had a long connection in his family with agriculture in Quebec. When we work as a committee, we hear all kinds of things, and then we go back to Ottawa and somebody makes a nice report and tries to indicate what we have heard and what we might suggest. I know that although he may be very quiet and taking notes this morning, it's very important for you and for us to get on record what is so significant for agriculture in Canada, and especially here, in the province of Quebec.

It's a matter of looking at some key words. We have talked about "innovation" and about "research" and about "succession". All of these are very significant. But Maurice, you speak of the WTO, and basically we think of political power. That's one of the major problems in our country and probably around the world: do farmers and agricultural groups have enough political influence?

When you go to the WTO, maybe you meet with the European Union group. The farmers from France are a big factor in how the EU looks at agriculture. I might ask this question, then, to members here: do you feel, as farmers—?

We heard this morning that 45% of the farmers in Quebec have to get off-farm income in order to maintain their families. That's a rather disastrous fact, Mr. Chair, and this grows. Take New England fifty years ago. People from my own province moved into New England to farm, and within a very short time they were farming on the weekend. They couldn't support their farms and their families without off-farm income.

So let me ask this question. Do you have enough political influence? In Quebec we probably have the strongest connection between government and agriculture of any province in this country; maybe Alberta is second. In terms of what you might say to this committee, do you have enough influence on your politicians and on your political leaders to get the things you need in order to have a successful agricultural economy?

Maurice is just waiting for that question, I know.

[Translation]

The Chair: Mr. Vigneault.

Mr. Maurice Vigneault: It's a matter of appreciation. I believe we have a fair bit of political influence in agriculture. I don't want to be pretentious. This concept of food sovereignty, which we were talking about earlier, is one in which each of the products or each of the regions of the world should first be able to be self-sufficient and where there would be a surplus market and a regional market that is deficient in a given type of production. This concept is relatively easy to sell in the global agricultural world. Marketing organization is also relatively easy to sell. It doesn't necessarily have to be a copy of what's being done in Quebec, but a form of market organization, the provision of products to the local consumer is being developed in all kinds of countries. UPADI has gone to prepare work sites, projects in Latin America and Africa, and has had good success in organizing local marketing.

So I think that, despite the fact that we are a small number of agricultural producers relative to the total number of producers in the world, our organization nevertheless has fairly good political influence outside our borders. If that was the question, the answer is yes.

[English]

Hon. Charles Hubbard: Secondly, we've heard that the CAIS program is a good program, but it's probably too complicated and maybe doesn't meet the needs of the diverse farmers here in Quebec. Is that a proper statement?

[Translation]

Mr. Maurice Vigneault: The program's core principles are valid. They're based on the overall income of the business. Improvements

have already been made to the program, including the 15% invested in the farm. That was announced last winter or spring. However, improvements remain to be made. The program's response time is too long. Too much time elapses between the moment the producer is dealing with the problem and the moment he receives assistance in order to solve it.

Changes should be made so that it is more compatible with our provincial programs. It's also too complicated. The documentation is really very complex. So we're talking about making this program more accessible to producers, making it more flexible so that it's consistent with our provincial programs and making its response time shorter. It isn't a bad fund. However, a larger number of improvements have to be made to it.

● (1010)

The Chair: Thank you very much.

Mr. Pierre Lemieux: It should be based on producers' production costs rather than on [*Inaudible - Editor*]. That's where the main problem is.

The Chair: Mr. Bellavance.

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

Thank you for being here with us this morning. This is quite an interesting day, in that it's enabled us to meet the producers in their environment and to hear their concerns about the new Agricultural Policy Framework and risk management, a concern for many agricultural producers.

Mr. Lemieux, I'd like to start with you because I got the impression earlier that we were forcing you to answer yes or no. Perhaps you intended to elaborate a little more on your answer concerning supply management and collective marketing. I'd like you to tell us your opinion the way you would have liked to do it.

Mr. Pierre Lemieux: I think it's essential to preserve supply management. Here we're talking about tools that provide producers with income security and cost government nothing. I'll give you an example. In the maple syrup sector, there were collective marketing tools in the early 1990s. Producers were in bankruptcy because there were no more maple syrup buyers. The federal government had to invest \$23 million in the industry. In 2000, we went through a similar crisis. Even though the early payments system existed, Agriculture and Agri-Food Canada had to invest several millions of dollars to assist producers who were unable to make their early payments. La Financière agricole du Québec also invested \$22 million and granted producers lines of credit. It took five years to close that file.

Today we have collective marketing and a system that works well. The question is whether individual rights take precedence over collective rights. We could also ask our government whether, in its view, the individual right takes precedence over the collective right to govern and regulate. I must say that, as a citizen, I don't always agree on the regulations that are put into effect, but I'm forced to deal with them, since they have been passed by the government. The same is true in the case of all the government orders that enforce regulations, even my municipality.

I hope we'll be able to continue living in a Canadian society where the collective right, which makes it possible to regulate, is slightly stronger than the individual right. Otherwise I really wonder where all this will lead us.

Mr. André Bellavance: Thank you very much. I'm pleased that you were able to properly express what you meant. That's very interesting.

Mr. Vigneault, you put your finger on a very sensitive point. I've been emphasizing it since the start of the consultations. That is to say that I don't really need to emphasize, but I often come back to the same question.

You expressed in one or two sentences exactly [*Technical difficulties - Editor*], that is to say when you spoke about flexible programs, complementary programs. You said that one level that imposes its vision on the others was not necessary. We heard about that concern in a number of provinces, but not everywhere. There is still this annoying tendency, even within the committee and sometimes in government backrooms: the wish to centralize is expressed because it's thought that that's the best solution.

I want to remind everyone that, as regards the first component of the Agricultural Policy Framework, that is exactly what has happened. Extensive consultations were conducted, and the minister of the time, Mr. Vanclief, ultimately said that that was the Agricultural Policy Framework.

In Quebec, we realized that, although a lot of things were said during the consultations, those things did not appear in the Agricultural Policy Framework, which was imposed. This Ottawa-knows-best attitude still exists. I don't believe it's bad faith on the part of political decision-makers or even government officials and so on. They sincerely think this is probably the best solution. They know what is good for the people and they're going to implement it. However, we're conducting consultations as we're doing today, as the government has also done, because we want to know people's opinions.

Which is what you often repeat. I'd also like you to provide examples, with regard to the Agricultural Policy Framework, that show that we have our hands tied, that this has been imposed on us and that show that flexibility in programs and decentralization would be the best solutions.

• (1015)

The Chair: Mr. Vigneault.

Mr. Maurice Vigneault: If we ourselves [*Technical difficulties - Editor*] the Agricultural Policy Framework, that would have been extremely simple: our organization would have suggested that the

federal government send the money to Quebec for us to manage it. That may seem simplistic, but it simply would have looked like that.

I don't want to engage in politics, partisanship or whatever. That's not my role. I want people to understand that we are managed by various levels of government at various levels: federal, provincial, regional, RCM and municipal. There are five levels of government above us, in addition to a host of collective organizations that try to find solutions in the field.

That's pleasant, but, in general for this model for governing our society to be functional and efficient—that's not inappropriate; it's appropriate—collaboration among these various levels is absolutely necessary. That would enable us not only to have a promising general Canadian vision, but also to adapt it to each particular regional or sub-regional situation based on issues and realities.

If there is no collaboration between all levels of government, it becomes complicated, costs a fortune and doesn't achieve a lot of results. It may be the CAIS program, but also a host of areas in our everyday lives where the levels of government pose a problem. There are these areas where coherence between the actions of some and those of others comes about with difficulty, where one prevents the other from touching its private preserve, while the other wants to impose a particular thing because... We're wasting our time; it's not efficient. So for pity's sake...

I've elected people to all levels, and every morning I pray that they'll agree on something. That prayer comes right after: Protect me from my friends; I can take care of my enemies!

Some hon. members: Oh, oh!

Mr. Maurice Vigneault: The levels of government must talk to each other and find efficient solutions in the field.

I don't want to engage in politics. I'm sending a message to all parties, to all levels. There's no reeve here. If there was one, I'd say that to him as well.

The Chair: Thank you very much.

[*English*]

Thanks, André. Your time has expired.

Before we suspend, I wanted to get a clarification, because Monsieur Vigneault just talked about too much regulation and too much government. We've had a lot of discussion over the last week and a half about needing to have a stronger central policy in Canada for agriculture, yet Monsieur Lemieux talked about stronger regulations. He's not opposed to more regulations. So how do we reconcile that comment, when we have one industry that wants more regulation and farmers in general are saying we're drowning in red tape?

[*Translation*]

Mr. Lemieux.

Mr. Pierre Lemieux: I didn't hear Mr. Vigneault say that there were too many regulations. I heard him say that there were a number of levels of regulation. He was asking that people be able to talk to each other and exchange views in order to come to a satisfactory result for producers. I didn't hear him say that there were too many regulations.

As far as we're concerned, as citizens—I told you this earlier—we could say the same thing about the governments that govern us: there are too many regulations. You have to go beyond that and see to the promotion of a living regional agriculture in Canada.

The government should therefore ask itself what it can do that is as economic as possible in order to keep these people in place, while enabling them to enjoy living conditions similar to those of society, to those of people we live beside every day. It should ask itself what it can give the agricultural producer to make him a full-fledged citizen in his community, in the same respect as a teacher, journalist or someone who works in any trade. It should ask itself what it can give him, given the risks he must take. Let's think about weather conditions, the unknown aspects of the market, globalization. The government should ask itself what it can give him that is as economic as possible. That's the question.

In this context, a form of regulation is necessary to enable us, as producers, to face everything that comes from outside the country.

• (1020)

[English]

The Chair: I have one question for our young farmers.

I'm a farmer from Manitoba, a cow-calf operator. Up until two years ago, I was able to still participate in the Manitoba young farmer loan program, through which I actually received a rebate on a percentage of my interest every year. That definitely helped, but I'm already thinking ahead to the next generation—I have kids, and I know my oldest daughter is interested in farming—and trying to develop policy to ensure that those farms can transfer.

Barry had a pretty good idea that maybe we need something like the CMHC program for first-time homeowners. Maybe we need to do something similar to that degree in agriculture. We do have the Farm Credit Canada corporation that's been out there. Possibly we should be putting together some sort of a capital trust program through them to help young farmers get kick-started.

Have things like that been looked at in Quebec? What specific provincial programs can you benefit from?

[Translation]

Mr. Benoit Martin: In Quebec, La Financière agricole manages what's called the financial support for farm succession program. These start-up grants are paid based on the level of training that the young people have achieved. This encourages young people to get training. For example, the grants to college diploma holders are \$40,000, and a certain form of interest rate protection can be added during the first years; once again that's based on the level of training. We think these initiatives could be put in place in the other provinces to support the next generation.

We also thought of another thing: the creation of a retirement fund for agricultural producers. As a young producer, I could already start

investing in a fund, so that, once the transfer occurs, I won't be forced to rely on the value of my business in order to retire. Then I can pick out a certain part of my fund and thus request a smaller amount from my successor once he is established. That could be something interesting.

The Chair: Thank you.

[English]

Just as a point of interest, world population and intergenerational transfer of farms is a systemic problem worldwide. Europe has been trying to deal with it. I know Switzerland has put in place that a farm unit is a farm unit and it has to stay in the family or be transferred as a farm unit, essentially making it impossible to grow those farm operations. We're seeing a lot of those Swiss farmers actually coming to Canada, and I have a lot in my riding in Manitoba, because they didn't have that chance to grow and expand and improve their livelihoods. They felt there was more opportunity here in Canada than they had back in Switzerland. We always have to be cognizant of that fact that the policies we institute may always have a downside. The CAIS program's a good example of the downside. It didn't actually work for everybody.

Anyway, I do appreciate all of your interventions today and your taking time out of your busy schedules to help us form our report, which we'll report back to the House of Commons later this spring.

With that, we're going to suspend. For those of you who need to get out of your rooms, I'd recommend that you do it right now. We will reconvene at 10:30.

• _____ (Pause) _____

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• (1035)

The Chair: I call this meeting back to order.

I want to welcome to the table three representatives who are going to speak to us today from the Union des producteurs agricoles de la Côte-du-Sud—Louis Desjardins, Hervé Dancause, and Charles Proulx—as well as Hélène Méthot, who is with the Centre d'expertise en production ovine du Québec.

I ask that all witnesses keep their opening comments to ten minutes or less.

• (1040)

[Translation]

Mr. Desjardins, President of the Union des producteurs agricoles de la Côte-du-Sud, you have 10 minutes, please.

Mr. Louis Desjardins (President, Union des producteurs agricoles de la Côte-du-Sud): Good morning. It's a pleasure to be with you.

The Fédération de l'UPA de la Côte-du-Sud thanks you for this opportunity to outline its concerns and the expectations of agricultural producers in our region. This shows us that you're interested in proceeding with the renewal of the Agricultural Policy Framework.

In this document, we take the liberty of first introducing the regional federation. Then we state our concerns and recommendations in support of the family agricultural business model in Quebec. The themes addressed focus on developing the profession and the skilled labour shortage.

The Fédération de l'UPA de la Côte-du-Sud is a non-profit organization whose objective is the defence of the interests of agricultural producers established in its territory. As of March 22 of this year, the regional federation represents 1,389 family agricultural businesses operated by 1,945 agricultural producers. Within the federation's structure, producers are grouped under seven core unions and 14 specialized unions and services: maple syrup production, lambs and sheep, farmers, cattle, wood, commercial crops, horticultural crops, milk, potatoes, hogs, succession, poultry, agricultural advisory groups of the South Shore.

The Fédération de l'UPA de la Côte-du-Sud offers various services to its producers: agricultural employment centre, agricultural prevention, land use advisory services, environment and wildlife, regional cooperation and development, training, facilitation, information and support for union affiliates, promotion and development of the profession, etc.

Since 1998, it has also offered the services of an agri-environmental professional whose role it is to make producers aware of the importance of adopting sustainable agricultural practices to promote the sustainability of water, air and soil resources in the territory. It also supports producer coalitions in projects designed to solve problems specific to their production.

The Fédération de l'UPA de la Côte-du-Sud overlaps two administrative regions, Chaudière-Appalaches and the Lower St. Lawrence. The territory includes, from west to east, the RCMs of Kamouraska, Montmagny, L'Islet, Kamouraska and part of Rivière-du-Loup, as well as the territory of Témiscouata. Covering the municipalities of Berthier-sur-Mer to the west, to the eastern end of Rivière-du-Loup, and bounded by the St. Lawrence River to the north and by the U.S. border to the south, our regional federation is located between the river and the U.S. border, and farm businesses have to deal with very different conditions. Agricultural producers carry on their occupation on many farms. The businesses are characterized by diversification and especially by management, which is essentially familial.

Agricultural development in recent decades has been characterized by specialization and concentration of agricultural production. These economic trends aim to offer the Canadian population agricultural products of excellent quality and quantity at competitive prices in global markets.

This rapid agricultural evolution has resulted in the growing isolation of agricultural producers. At the same time, we have an urbanizing population which has gradually lost this knowledge of agricultural realities.

Agricultural development in recent years has clearly had secondary effects that must be corrected, and we are working on that. However, we are convinced that the future of agriculture, which is still the fundamental sector of the Canadian economy, depends on

restoring the permanent dialogue between agricultural producers and the population.

The Canadian population needs to be reassured about the quality of the food that we produce and that meets the highest standards of quality on the planet. It must acquire a greater knowledge of the production techniques that we use and that, in most cases have been developed and adapted by Canadian researchers.

We must especially make people understand that Canadian agriculture, in particular Quebec agriculture, is carried on today almost essentially by women and men who live in rural areas and live from the operation of their own farms.

As is the case in the various sectors, agricultural businesses have benefited from technological development. They feel pressures from the mergers of large businesses, whether it be in chain food stores, input sellers, banks or post offices.

● (1045)

We believe that it is up to producers to restore this dialogue. However, the means must be adapted to the specific characteristics of a mostly urbanized population. Our contacts with our fellow citizens on the farm are no longer enough. Today we have developed new ways to meet them in their living environment.

Consequently, we are asking the Canadian government to get involved as a partner in events and projects designed to promote agricultural producers and their practical knowledge. These activities can be carried out in both rural and urban areas. We are also asking it to support the specialized Canadian federations in their agricultural products promotion campaign.

With respect to the labour shortage, the agricultural world can rely on a solid, motivated new generation. However, that succession is too small to fill all available positions. And yet agriculture offers a dynamic, varied living environment full of passionate people. Even though the worker's trade is an interesting and motivating occupation in the minds of agricultural producers, the majority of young people nevertheless remain indifferent to the sector. The prejudices and preconceived ideas that the public generally has about agriculture and young people's ignorance of the evolution that the agricultural worker's occupation has undergone in the past 15 years are aspects that reduce the occupation's appeal for young people.

And yet the working conditions now offered in farm businesses are often comparable to those of other sectors of economic activity. Some means of action are currently underway to change this perception and to attract certain young people toward a more informed career choice. However, that is not enough because of the lack of financial resources.

In summary, it is fundamentally important that we continue our work and efforts to promote the agricultural sector to the target clientele in order to secure a more promising future for farmers in terms of labour availability.

That is why we are asking the federal government to provide financial support, together with the provincial government, for the agricultural employment centres, the AECs, in the development of sectoral promotion and development activities to improve people's perceptions of agriculture, to plan and organize a Canada-wide campaign for the valuing and promotion of the agricultural sector and its occupations.

The Chair: Thank you very much.

Mr. Dancause.

Mr. Hervé Dancause (President, Comité Finances et Assurance Agricole, Union des producteurs agricoles de la Côte-du-Sud): Good morning everyone. We thank you for having us.

I'm going to tell you about my concerns and give you my recommendations.

Here are some facts concerning the greater snow goose scaring program. Over the past 40 years, the population of greater snow geese has grown exponentially. Both Canadian and American scientists have concluded that the over-abundance of the species has repercussions for the plant community in gathering and reproducing areas, to the point of threatening their establishment. In addition, there is the pronounced phenomenon of crop depredation, having regard to the fact that, during the seasonal migration, the geese have adopted the farmlands that provide them with valued energy food resources.

In view of the scope of this problem, a scientific report was prepared in 2002, and a strategy for managing the greater snow goose was approved jointly by the signatory governments to the Migratory Birds Convention, Canada and the United States. The federal government, which has responsibility for migrating birds, has adopted a series of measures to meet the objectives of that management strategy.

To protect nordic ecosystems, the provisions implemented by Environment Canada are the liberalization of quotas and hunting techniques, including, since 1999 in Quebec, a spring harvest hunt of the greater snow goose on farmlands. Acknowledging that hunting alone would not be sufficient to control the goose population, the report by the Canada-U.S. expert panel proposed that the government explore other arrangements at the same time. Active control of goose movements in agricultural areas, with the aid of planned disturbance, scaring, was accepted as an additional method.

Furthermore, scaring is the only preventing action authorized with the spring hunt, which makes it necessary to continue this activity. For the South Shore in particular, scaring is also the only measure permitted in the no-hunt areas of Berthier-sur-Mer, Montmagny and Cap-Saint-Ignace.

Agricultural producers have observed that scaring methods are effective complementary measures to synergistic activities. They also meet one of the objectives set by Environment Canada in its draft amendments to the migratory birds regulations, which is to reduce crop damage. In view of the recurrent damage, crop insurance cannot compensate agricultural producers, as a result of which a special program called the Water Fowl Plan was put in place in 1992 to compensate them for losses caused by the passage of geese.

Agricultural producers are also under pressure from external factors such as society's environmental protection expectations and the maintenance of biodiversity, for example. However, we believe that the contribution to maintaining this biodiversity can only be made at the expense of agricultural producers. To the extent that the abundance of geese can generate significant economic activities, for hunting and observation activities, for example, it is normal to expect that individuals who suffer damage can benefit from public assistance programs, both to fund proven prevention measures such as scaring activities and to compensate for crop losses caused by the passage of geese, since they now feed on farmlands.

Here we emphasize that it is important to bear in mind that it is recognized that scaring activities contribute to reducing crop damage and, in so doing, to compensation paid under the Water Fowl Plan. If scaring activities were to be reduced for lack of adequate financial support, it could be foreseen that crop damage would increase, together, inevitably, with related compensation claims.

It is also clear that the damage caused to feed crops is irreversible and affects the performance of dairy, cattle and other farms, not only for the current year, but for a number of years. As a result of the specific characteristics of Quebec farms, the greater snow goose, and even the Canada goose, caused more damage in Quebec before the scaring program and the spring hunt were implemented.

• (1050)

For more than 15 years, the regional federation has set up spring scaring projects. Those projects, together with the spring hunt programs, have proven themselves and made it possible to reduce crop damage. On the other hand, every year, we are still uncertain about federal government financial support.

Consequently, the Fédération de l'UPA de la Côte-du-Sud asks that the Canadian government renew funding for the greater snow goose scaring project to protect crops, enabling producers suffering recurring damage caused by the geese to receive financial assistance through the regional federation to pay the cost of organized geese scaring activities. This project, under a contribution agreement between Agriculture and Agri-Food Canada and the Conseil pour le développement de l'agriculture du Québec, for the management of the funds, will expire on March 31, 2008, and we ask that it be renewed for another five-year period.

I would like to talk to you about the tax measure and the transferability of farm businesses. For a number of years now, the Union des producteurs agricoles has been working with the Fédération de la relève agricole du Québec to find various solutions to keep farm succession active. Beyond efforts made to develop agricultural employment, and interest young people in taking over or staying in agriculture, the various levels of government must show a more pronounced interest in putting tax programs and measures in place to facilitate and promote the transfer of farm businesses between relatives or non-relatives.

For a number of businesses located in the municipalities south of the RCMs of L'Islet and Montmagny, the phenomenon is even more obvious, since farm businesses are often isolated. The exodus of young people is thus felt more strongly, and the services offered are more limited. In addition, the investment credit is not applicable for those two RCMs, which are readily comparable in economic terms with the number of municipalities in the resource regions such as the Lower St. Lawrence and Saguenay—Lac-Saint-Jean.

Similarly, our region used to receive transportation assistance. That support enabled our businesses to remain competitive with those of the central regions.

Consequently, the Fédération de l'UPA de la Côte-du-Sud is asking the Canadian government: to put in place tax or other measures favouring the transfer of farm businesses, instead of their dismantling; to consider expanding, for the RCMs of L'Islet and Montmagny, the territory for the application of the investment tax credit to farm businesses; a support measure that is similar to the accelerated capital cost allowance recently adopted in the last federal budget; and to support farm businesses so that they can remain competitive with businesses located near the major centres.

As regards income security, agriculture has always been and today still is an important economic sector for regional development in Quebec and the other provinces. Even though this sector no longer occupies the role of virtually sole driver of regional development, as it did in the past, it nevertheless still plays a primary role. In Quebec, and elsewhere in the world, it would be difficult and virtually impossible to design a regional development plan without necessarily thinking about the agricultural producers who are at the centre of the action.

•(1055)

Agriculture in our region contributes to wealth and job creation. According to the figures published in 2004 by the Quebec Department of Agriculture, Fisheries and Food, MAPAQ, it may be seen that, in Chaudière-Appalaches, the RCMs of Montmagny and L'Islet contribute appreciably the same percentages of regional GDP, 4% for Montmagny and 4.1% of L'Islet. The RCMs of Kamouraska, Rivière-du-Loup and Témiscouata contribute respectively 26%, 13% and 12% of agricultural GDP.

Despite the fact that these figures clearly attest to the agricultural sector's outstanding contribution to the economic health of the regions, it would be desirable to include in the analysis its undeniable contribution to the development of other sectors related to agriculture upstream, that is input and service suppliers, and downstream, the carriers, processors, distributors, retailers and restaurant operators, in measuring the size and entire economic scope of the sector.

It has been possible to maintain a dynamic agricultural sector in all regions of Quebec, even those that are isolated, as a result of our collective marketing tools and income security programs. Net farm income has constantly declined over the years. Even though this income crisis has spread to all types of production, it is not experienced in the same way by all producers. It must be recognized that the situation is not brilliant in supply-managed types of production, but they do better than all the others, thanks to supply management or the joint plan system. Once again, this situation

demonstrates the importance of the union tools that Quebec has and argues in favour of keeping them.

Furthermore, we know that transportation is one of a farm business's big expenditure items. However, through our collective marketing tools, we note a certain fairness in the sharing of transportation expenses among producers. That same fairness is also applied at other levels, thus making it possible to share marketing costs, whether farmers are in Saint-Just-de-Bretenières, Saint-Athanase, Kamouraska or Montmagny. It is also the salvation of many family businesses in the region located far from the processing centres, which are often in the National Capital Region or in Montreal.

Consequently, the Fédération de l'Union des producteurs agricoles de la Côte-du-Sud asks the Canadian government: to maintain the pillars of Canada's agricultural policy, which are the collective marketing acts, the supply management system and income security tools; to deny any concession on the reduction of customs tariffs; to defend and promote collective marketing and supply management internationally as fair models; to develop the orientations of Canada's agricultural policy in complementary fashion with those of the provinces; to leave enough flexibility to maintain and design Quebec programs; to assign the delivery of agricultural programs to organizations already established in Quebec, among others; and to grant the necessary budgets to the Canadian agricultural sector so that it can remain dynamic and competitive.

Thank you.

•(1100)

The Chair: Thank you very much.

Mr. Proulx.

Mr. Charles Proulx (President, Comité aménagement du territoire, environnement et faune): Thank you, Mr. Chairman, committee members. I have two subjects to present to you: new productions and the environment.

Let's start with new productions. New food habits are making it possible to develop, in some of our regions, new types of production that respond to these new markets. For some people, they represent an opportunity to set up in agriculture and to develop a business that develops the agricultural potential of the community.

As a general rule, the people who invest in these businesses are left to their own devices. They are continually coping with the under-financing of their businesses. Available knowledge is limited and not very accessible, and technical support is virtually non-existent.

Furthermore, when we want to market these processed or unprocessed products, we come up against a restriction by the food chains, but especially against unfair competition from imported products which do not meet the same rules as are imposed on us, be they environmental, phytosanitary or concerning food safety.

The South Shore region currently has many centres of expertise such as the biofood incubator, the CDBQ, which can therefore provide a major contribution to agricultural producers. However, all the centres have to remain in the forefront and must therefore be supported financially by the various levels of government.

Lastly, if consumers were better informed of all the food safety rules to which agricultural producers and processors are subject, they would choose Canadian food products more often. To that, we can add all the favourable impacts caused by an information campaign on the economic importance of buying here at home.

To do this, the Fédération de l'UPA de la Côte-du-Sud has developed a trademark in recent years: it distributes bags to people identifying local purchases. We usually give them out, but, in view of the major financial crisis we're currently going through, we are pleased to sell them these days. Those interested should know that, in view of our financial situation, we sell them for \$5.

Consequently, the Fédération de l'UPA de la Côte-du-Sud asks the Canadian government: to recognize the importance of new and emerging productions and products that rely on development of the resources of the community; to make resources and research and development equipment accessible to support certain farm businesses that must design or adapt production techniques; to maintain and even increase its support so that research and development organizations can remain dynamic in their region, such as the CDBQ, CQEPP and the Centre d'expertise en production porcine; to support the creation of a centre of expertise for cattle; to maintain funding and support for food monitoring and quality control management agencies and HACCP standards—CFIA, Agri-Traçabilité Québec, specialized federations for putting quality assurance programs in place—to exercise better customs control in order to prevent any clandestine introduction of agricultural and agri-food products; to require that all imported food products meet the same standards as those set for Canadian and Quebec producers.

Now let's talk about the environment. You're not unaware that the Province of Quebec has extremely strict environmental regulations for the agricultural sector. Producers must invest significant sums in order to meet these new requirements. Agricultural development in our regions is currently being slowed and, in many cases, that is as a result of these new regulations and various pressures. For example, in hog production, Quebec, which was a world leader in the early 1990s and was cited as an example, has today virtually become an object of ridicule. That's proof that things have changed over the years.

We expect the federal government to invest to more in research, development and the introduction of technology in the environmental field. We need new technologies in the treatment, storage and application of solid and liquid manure.

• (1105)

For some years now, certain soil cultivation activities have been considered harmful to the environment. The usual culprits include manure and liquid manure applications, and more particularly hog production. Hog production, which was at the origin of the first Portrait agroenvironnemental des fermes du Québec in 1987, is singled out today. The fact that hog production is criticized has led all producers to ask themselves the question: which type of production will be considered as a culprit next?

Before it's too late, it's important that we all work together to provide accurate information on the mode of operation and framework governing agriculture.

Who has the obligation to make these adjustments requested for certain methods used in agricultural production? Who will pay the cost to protect this collective asset which is the environment? Is it agricultural producers alone?

In Quebec, a lot of money has been invested for land analysis. For example, consider orthophotographs. An image came to mind earlier: in watching a James Bond film in which a satellite takes a picture of the Earth, you can see someone tanning on a building or committing a theft. The same thing exists in agriculture. With this data, we have an overview of a plot of land. We can see how the drainage works and how crops and buffer strips are behaving. We need to shed light on these tools and study them in greater depth. We can't do that alone.

Producers have done these things in recent years in order to distinguish themselves and become models for other regions. These sums have been invested in order to protect the environment and ensure it survives. Government authorities have an obligation to take the history of Quebec's agriculture into account and to ensure that the policies that are implemented will make it possible to maintain and develop this sector.

Consequently, the Fédération de l'UPA de la Côte-du-Sud asks the Canadian government: to increase its budgets for research and development and for support for the introduction of new technologies; to use the necessary means to ensure that standards for the import of agricultural products to Canada are as strict as those currently in effect in the country, mainly with regard to the environment; to increase and ensure the long-term funding of the Conseil pour le développement de l'agriculture du Québec, the CDAQ; to provide financial support for the implementation of the strategic agri-environmental plans of the Fédération de l'UPA de la Côte-du-Sud; to provide refundable tax credits for all investments in work performed by agricultural producers to preserve the environment; to provide financial support for the development of new environmental protection analysis methods such as LIDAR, which I talked about briefly earlier; to extend the Greencover Canada Program, to provide financial support to agricultural producers in their development and environmental work.

The development of our rural community is a major concern for our producers. Agriculture and agri-food definitely remain important links. That is why the federal government must take concrete action in the above areas of activity.

In conclusion, with your permission, we would like to present to you the vision for the future of the South Shore's farmers, the result of the thinking of those producers in 1986. The declaration reads as follows:

We farmers of the South Shore declare that there is a future for agriculture in our region and that we are proud and passionate in carrying on our occupation. We hope it is known, recognized and valued for its primary purpose, which is to feed the population here and elsewhere. In our agriculture, all types of production of all sizes of business will have their place to the extent they meet sustainable development criteria, that is criteria for a form of development that is economically viable, environmentally friendly and socially acceptable.

We undertake to contribute to the land use and development of our region through the development of agriculture.

Our future depends on the vitality of the people who live from our industry and who wish to get involved in it for their own good and that of their communities. We want the population to appreciate and be proud, as we are, of the quality and diversity of the products of our agriculture.

We will make every effort to ensure that listening, dialogue and mutual respect among producers in the community are central to development—

●(1110)

We want to share this vision with our government partners, training institutions, local and regional, agricultural and urban communities as well as the agri-food industry.

We hope this presentation will enable the members of your committee to gain a clearer understanding of the specific issues in agriculture and thus to promote the renewal of the Agricultural Policy Framework in a manner consistent with the needs and expectations of the agricultural producers of the South Shore.

Thank you for your attention.

The Chair: Ms. Méthot.

Ms. Hélène Méthot (Researcher, Centre d'expertise en production ovine du Québec): Thank you for travelling here to get to know our industry a little better.

I represent the Centre d'expertise en production ovine du Québec, the CEPOQ, which is thus concerned with sheep production in Canada.

To give you a brief profile, there are nearly one million ewes in Canada, and Quebec has approximately one-quarter of that number. We are the second largest producer after Ontario. We monitor each other very closely because, at the start of the year, we were number one. Sheep production is highly intensive in the eastern part of the country.

You should also know that we are spoiled in Quebec. As a result of a reversal of the situation, we now have a research centre. Ten years ago, Agriculture and Agri-Food Canada, which had a research farm at La Pocatière, decided to withdraw from those operations. So, in order not to miss the opportunity to work on improving their production, producers joined forces and went looking for partners, including François Castonguay, an AAFC researcher, as well as people from the federal government to create the Centre d'expertise en production ovine. They were able to take over the facilities from AAFC, which assigned them to the Centre de développement bioalimentaire du Québec.

CEPOQ has been working in sheep production for 10 years. We have set ourselves the mission of improving the profitability of sheep farm businesses in Quebec. In the past few years, there has been an openness on the part of other Canadian provinces as well as a number of partnerships.

We are a very small team of some 10 persons. We essentially have people who have training in agronomy, masters-level research,

veterinarians and agricultural technicians. We also have a research herd of approximately 350 head, which has been improved over the past 10 years for research purposes.

With a small team, we have no choice but to develop all kinds of partnerships in order to tap into outside expertise that will enable us somewhat to broaden our aims and increase the potential impact for our sector. We've worked very closely with the people from AAFC, MAPAQ and universities. The main and most frequently recurring collaborative efforts are with the University of Guelph and Laval University. We are currently working on implementing a genetics project with the University of Nova Scotia. In short we are developing various partnerships.

As for CEPOQ's board of directors, AAFC and MAPAQ are members along with producers representing the producer associations.

In recent years, AAFC has somewhat withdrawn from sheep production research, but not completely. On the other hand, as regards investment in sheep production, particularly for research—which concerns me—in the organization I work for, there is very little direct participation in the furtherance of our work.

I must emphasize that the investments in the Conseil pour le développement de l'agriculture du Québec, the CDAQ, which supports research projects, makes an enormous contribution to sheep production. We are lucky to have a number of projects in partnership with that agency, which receives federal funding. In that sense, the federal government is active in sheep production. However, as far as direct support goes, through the same kind of partnerships as the one we have with MAPAQ, there is very little intervention.

In addition, in recent years, Quebec and Ontario have developed a breeding program called GenOvis. A somewhat awkward parallel can be drawn with Quebec's dairy herds analysis program, the PATLQ.

The idea of the GenOvis breeding program is to take production data from Quebec farms and use them to guide selection decisions for the herd so as to improve the performance of our animals. So, as I was saying earlier, Quebec and Ontario have made major investments in recent years to develop this breeding program.

●(1115)

Last year, AAFC provided financial support to the Canadian Sheep Breeders' Association, the CSBA, thus permitting the expansion and opening of the program to all Canadian provinces. However, the project wound up last March.

We have a national breeding program that is internationally recognized. We've been invited to the World Sheep and Wool Congress, which will be held in Mexico next July. We're going to present our new breeding program, which is the envy of a number of other nations, as well as sheep production in Canada. These are market openings for us. This leadership in breeding is one aspect that enables us to get our foot in the door. At the same time, we take advantage of these opportunities to present our industry, our agriculture. Morocco has also shown interest and raised questions concerning our breeding program. This is a tool that gives us some international outreach, and that enables us to go beyond mere genetics to talk about our agriculture in a broader sense.

The project is completed, and Quebec and Ontario won't be able to hold this program out to the other provinces for very long, since it's the provincial governments, in part, and the producers of those provinces that are funding it. So there is definitely a need for financial involvement by the federal government to ensure this national breeding program is maintained and developed.

In addition, the Quebec market covers barely 50% of total sheep products consumption here in the country. So there is enormous room for our production to develop. The problem is that we're fighting some major players, New Zealand in particular, and Australia. Incredible sums of money are invested in research and development in those countries. They are advancing very quickly. Historically, we have always had an advantage over frozen products entering Canada. However, with research and development in recent years, they have managed to develop methods for supplying fresh products. By "fresh", we mean products that are not frozen. These are products from animals that have been slaughtered several weeks earlier. That's a bit scary in itself because those products are now entering Canada by the cargo load.

We are a small industry that offers a not negligible agricultural alternative for the support of Canada's regions, and we are facing a player with financial resources that are slightly unbalanced relative to ours.

In that sense, as I mentioned earlier, CDAQ is giving us a big hand, and that's extremely appreciated. That has enabled us to develop research products for improving the quality of our products, for production techniques and to improve the efficiency of Canadian and Quebec farms. However, investment would be welcome in order to step up the pace somewhat and to be able to stand up to the competition which is coming on at a fast pace.

So, to simplify, we can say that sheep production needs are very great. If we don't want to lose our credibility, special attention must be paid to priorities and breeding, particularly for the GenOvis program. That program must be improved and consolidated. Lastly, our businesses must clearly be supported in their development and consolidation in the area of research.

• (1120)

The Chair: Thank you.

[English]

Mr. Hubbard.

Hon. Charles Hubbard: Thank you, Mr. Chair.

Certainly this business with sheep and lambs is something new for our committee—we haven't heard much about that in the past—but I'd like to start off by saying, first of all, it was an excellent presentation. I think most of us recognize that given our ethnic markets especially, we don't produce enough lamb in Canada, but rely on others.

In terms of the competition, and in terms of what price you get in Montreal, or wherever, for your lambs, how close is your price to what you need compared with what, let's say, the New Zealanders or Aussies can put in here? Are you competitive price-wise?

Ms. Hélène Méthot: Yes, we are.

It's directly because people have the wrong idea that ours was really higher than the New Zealand price, but just recently we were at

[Translation]

l'Hôtel L'Oiselière, in Lévis,

[English]

and they had this idea, but when you start to negotiate with some distributors like

[Translation]

Berac Inc. or Agneaux de l'Est,

[English]

you can get prices that are pretty close to that. Even more, we have specific original products to offer, which is really important for consumers, because lamb has a high value,

[Translation]

that is to say that it's a high-end product,

[English]

and usually our clients appreciate knowing it's been produced locally, and the way it has been produced.

• (1125)

Hon. Charles Hubbard: With your concern for genetics—and there are many different factors with sheep in terms of lambing and so forth—what is your vision on genetics? What are you trying to do? What's your main goal?

Ms. Hélène Méthot: When you look at the situation, we have 140 different breeds in Canada, so that is the first concern. Besides, we are not promoting a unique way to produce lamb, we're promoting a financially viable way to produce lamb, and it has to be with respect for the breeders'

[Translation]

strengths and weaknesses,

[English]

and it has to be produced with respect to the local possibilities.

Regarding genetics, what we are trying to sell is that you need to breed to get a higher average daily gain, and that's one point. We are also adding ultrasound measurements of back fat and loin measurements to reduce the back fat on lamb, which was a bit of a problem over past years because consumers thought it was a little bit too fatty. It's a problem for our industry, but we're working on that.

Hon. Charles Hubbard: In Quebec, do you have a way to sell your wool?

Ms. Hélène Méthot: To be honest, if sheep didn't have any wool it would have been paradise, because in Canada you only get a few cents per pound for wool. It's really hard to compete with the international competitors, because we have meat breeds here in Canada, while other countries specialize in wool breeds. It's within the fineness of the fibre and the quality of the fibre, and we can't compete on that. It's really difficult to do both side by side, so many years ago we took the meat way to produce sheep.

Hon. Charles Hubbard: We have a woollen mill in New Brunswick called Briggs and Little Woollen Mills, one of the last remaining in Canada. I hope some of your people are taking advantage of that.

Also, Mr. Chair, I've run out of time, but I guess the wildlife aspect is very significant in many provinces, including Quebec, which I drive through quite often. In my home province it's not only geese, but also deer, bear, and other animals that really cost farmers a lot of money. Perhaps we could follow up with someone else on that.

The Chair: There's still a little bit of time.

Hon. Charles Hubbard: We still have a little bit of time, do we?

Maybe with the snow geese in particular, Hervé, you speak of what it's costing your industry or our industry. How significant is it in Quebec? Can you put a dollar value on it, just with the geese alone that I see along La Pocatière and all along the shore of the St. Lawrence?

[Translation]

The Chair: Mr. Dancause.

Mr. Hervé Dancause: I don't know whether that figure appears in my file. Mr. Desjardins may have more information on that subject.

Mr. Louis Desjardins: I couldn't give you a precise figure. The geese have been here for a very long time; so we are pioneers. We've done a lot of work to feed them, among other things. When we started working with the owners of those geese, the Canadian government, I believe, we were told that what they left behind compensated for what they ate. That was nothing to be proud of. We had crop insurance, but it was very costly. We thought we would get involved in scaring. Here we're talking about a team of men who scare the geese away. If I walk across your lawn 10 times, there probably won't be any serious effects, but if I walk across it a million times, that will probably leave tracks. In fact, there'll be nothing left.

In Montmagny, there's an event called the Snow Goose Festival. There are protected areas where producers have agreed to let the geese eat, which is to the festival's advantage.

[English]

Hon. Charles Hubbard: With this, we have, federally, the migratory game licence, for which you put money in. Can you get any money back? That's what I'm wondering.

• (1130)

[Translation]

Mr. Louis Desjardins: I think that saves between \$300,000 and \$500,000 on crop insurance. That insurance doesn't compensate us for all damage. Earlier you asked me how much it cost. The director tells us that it's nearly \$1 million.

As for the other question, I didn't understand it.

[English]

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

Mr. Crête.

[Translation]

Mr. Paul Crête: Thank you, Mr. Chairman.

Thank you for your presentation. You are the first ones who have really given us a profile of your agriculture. For your information, I would point out for committee members that there was a federal experimental farm here. It was closed in 1993 or 1994. The community took it in hand, both the farmers and other stakeholders.

On that subject, I'd like you to give me an idea of the size of the research and development financing guarantee. Perhaps you can give us some details on the sheep breeding question. You talked about the greater snow goose, but that's another program, even though it has a research and development aspect.

Tell me about the size of that funding for the future and the fact that it must be clear that it covers a five- or 10-year period so as to ensure security and make it possible to continue developing—

Mr. Charles Proulx: With your permission, I'm going to say a few words. I wouldn't want to take Ms. Méthot's place. With regard to emerging products, it's all well and good to produce them, but you still have to manage to extend the period where the consumer has access to them. That shouldn't be limited to harvest time in May. We need a place where there are researchers and facilities enabling producers to process these products and to make sure they get onto consumers' plates. I can't do that on my farm. As agricultural producers, we wouldn't want the biofood development centre to have that role.

Various research projects are being carried out, on hog production among other things, new products, organic meats and so on. These are mainly emerging products. We need this centre in order to promote them.

Madam Hélène Méthot: One of the problems that I think affects not only sheep production is that consumer expectations and demand are changing at a very rapid pace. Some producers that have herds have been following specific objectives for 10 years. However, consumers can tell them from one day to the next that they want a different product.

If we let producers adjust to these new demands on their own, the process will be much too long. We're going to lose market share because competitors are investing extraordinary amounts in research and development, specifically in order to target these markets and to adapt their products.

It's really essential to support the evolution of agricultural production in Canada through research and development in order to ensure that producers are always up to date, that their products are up to date and consistent with consumer requirements when they are expressed, not three years later.

Mr. Paul Crête: Thank you. I'd like to address another question. Mr. Desjardins or Mr. Dancause may be more able to respond. Explain to the committee about the investment tax credit in the riding.

The investment tax credit applies to Quebec. Half of my riding is entitled to it and the other half isn't. Explain to me the situation of farmers with regard to this problem.

Mr. Louis Desjardins: I've always considered myself lucky. Where I come from, I'm not an agricultural have-not. I live very close to the shore. I have access to the best of both worlds. There used to be an incentive covering product transportation costs to Montreal. When it was abolished, we were told that we would be entitled to a 10% credit. That's a system that works as follows.

Once I've completed my income tax return, like everyone, if I owe the federal government \$5,000, I write a cheque for that amount, then I look at what I've invested during the year. If I bought a tractor for \$100,000, I'm entitled to 10% of that amount, so \$10,000. Out of that \$10,000, 60% may be paid to me in cash. It can all be deducted from my tax payable. If I don't need it, a portion can come back to me personally.

It's quite funny to see industries regularly setting up just on the other side of the line so that they can qualify for these tax credits. I've always thought that they were reserved for Kamouraska County. When the federal government expanded our riding, it didn't expand access to those measures accordingly, and that's unfortunate. It should have done so. When it merged our region with L'Islet, it should have granted the people in L'Islet the same credit. We are far from the major centres. We incur losses in transportation and many other areas, but at least we have that benefit. I've always told my friend who lives in L'Islet, on Range 26, that I wouldn't trade my land for his. However, I've always said that those people should also receive that benefit.

With Mr. Crête, I believe, we looked at the possibility of applying this measure to all of Kamouraska County, Rivière-du-Loup, Lévis, Montmagny and so on.

I don't know whether that answers your question.

• (1135)

Mr. Paul Crête: It lets us understand that there are two different treatments for citizens within the same riding: some are entitled to the tax credit, others aren't.

The Chair: The next speech should be brief.

Mr. Charles Proulx: To answer Mr. Crête's first question [*Technical difficulties - Editor*] and to explain that there are achievable programs. As for the investment tax credit, I don't have any luck: I'm on the other side of the fence and consequently am not entitled to it. The agricultural sector is less favoured in the RCM of L'Islet than in Kamouraska, and yet we're not entitled to that measure. It should be emphasized that 10% is significant for each of us.

[*English*]

The Chair: Merci.

Mr. Miller.

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

Ms. Méthot and gentlemen, thanks very much for being here.

It's great to be in Mr. Crête's riding. For years I used to come down here every October to buy cattle. I haven't been here since 1999, so it's great to be back.

Ms. Méthot, you talked about the funding of research, and what have you, and the lack of funding. There were some cancellations. Would you be suggesting or favour having one level of funding as far as the federal government is concerned? Should the federal government take up and fund all research, or should it work together with the provinces on that? Have you any comments towards that?

Ms. Hélène Méthot: I think that through CDAQ, the Province of Quebec already works in part with Agriculture Canada, because they are directing those funds towards our specific provincial needs.

However, regarding R and D on sheep, at CEPOQ we have about 35% of our income coming from MAPAQ, that is, funding from our provincial government, and about 15% from the producers. We have about another one-third of our budget coming from specific R and D projects—for instance, CDAQ funding for a specific project.

Agriculture Canada is not involved in that funding. We see provincial government funding, and provincial funding for specific programs for various R and D projects. So maybe there would be a place for Agriculture Canada to work beside those other partners in that specific field.

• (1140)

Mr. Larry Miller: Here's another question, just out of curiosity and for my education. You talked about the quality of wool, when Mr. Hubbard was asking a question. Does our northern climate have anything to do with the quality of the wool?

Ms. Hélène Méthot: It has indirectly, because here we mostly keep the sheep in the barn. That is a problem, because you use straw and you use *la ripe de bois*—wood chips. Those things get into the wool and are really bad when transforming the product.

But the main problem with it is really the quality of the wool that we have here. It is fine for making insulation pads, but it's not appropriate for clothing.

Mr. Larry Miller: I was curious, because my riding is the largest sheep and beef-producing riding in Ontario.

Mr. Proulx, I believe it was you who talked earlier about the spreading of manure and the environmental impact work that farmers have to go through. The way I see it, and I'd like to hear your comments on it, is that when it comes time for agriculture producers, in no matter what sector, to protect the environment—and I think farmers in general are very good stewards of the land and the environment—it seems to me that it's for the public good.

Do you agree—and anyone else can comment on this—that the public basically should be helping to fund that kind of good? We're protecting the water—everything.

Could we hear some comments concerning that? Did you understand the question?

[Translation]

Mr. Charles Proulx: Forty years ago, the public took part in certain projects. For example, there was an extensive waterways digging campaign in Quebec to drain lands. The public funded the project because it was subsidized by the Government of Quebec. It was the public that did it, indirectly, but it was nevertheless the public. It's impossible for me to go and ask my neighbour to give me money because I have to protect the river banks; that has to be done collectively. As regards the environment, the Fédération de l'UPA de la Côte-du-Sud alone has already invested \$1.9 million for protection purposes.

Earlier you asked a question concerning research. We need a leader who will let us invest in this area and who will serve as a lever to secure more funding. If you invest 30% of the budget in research, that 30% will be multiplied two or three times. That's what's important. It's already been said: it isn't just up to farmers to pay. Right now, it's only the farmers who are paying the environmental bill. Protecting water is a collective duty; it's an asset that serves everyone. It isn't the farmers who go fishing most often; it's the average man and woman. We need everyone to protect this resource.

[English]

The Chair: Mr. Atamanenko.

[Translation]

Mr. Alex Atamanenko: Good morning, thanks for coming.

Before continuing, I'd like to know which agricultural sector is the most important from an economic standpoint here, in the region? Is it dairy products?

Mr. Louis Desjardins: The most important sector is the dairy sector. There are more dairy farms than any other type of farm. In the past 30 or 40 years, even though the number of producers has declined, the quota has always increased because we buy from the outside and the farms are growing.

Mr. Alex Atamanenko: Followed by—

Mr. Louis Desjardins: I'm talking about the biggest sector in terms of revenue. If we're talking about the number of persons, that would be the maple syrup and grain sector because a lot of farms produce grain, but that isn't the main source of income. There's a lot of maple syrup production here as well. Hog breeding is also quite big.

The Chair: All right.

Madam Hélène Méthot: Our region is the biggest sheep breeding region in Quebec. It's here that you find the largest number of farms and the largest number of animals as well.

• (1145)

Mr. Alex Atamanenko: Since we're talking about that sector, madam, you're facing global competition, from New Zealand and Australia, for example. I'd like to know whether what you produce is intended for export or domestic consumption?

Madam Hélène Méthot: It's intended for domestic consumption. There was a little trade with the United States before the borders were closed because of the BSE crisis. There was a little trade, but it

was mainly in live animals because our sheep are recognized for their good breeding. As regards meat production as such, it's mainly intended for local consumption, and, as I mentioned, we meet scarcely 50% of market needs.

Mr. Alex Atamanenko: So we have to import, obviously.

Madam Hélène Méthot: We import an enormous amount, mainly from New Zealand.

Mr. Alex Atamanenko: Are there any restrictions, quotas to protect our industry, or is it a free market? How does that work?

Madam Hélène Méthot: In fact, you're asking me the question during a transition period because, on June 1, a selling agency will be put in place by the Fédération des producteurs d'agneaux et moutons du Québec. So that's a first for sheep production in Quebec. However, since it's not yet in place, I can't tell you exactly how that will go, but we are setting up an organization to market lamb.

The Chair: Mr. Desjardins.

Mr. Louis Desjardins: With regard to milk, there are quotas and a control; we can't import milk. As for lamb, I don't know of any import restrictions. It's the law of the free market, I believe. Even though Quebec producers are setting up a common marketing agency, that will change nothing with regard to imports from New Zealand.

Mr. Alex Atamanenko: Does it seem that New Zealand's production represents a threat as a result of innovation techniques and all that, the ability to keep the meat refrigerated over a longer period of time?

Do you think that's threatening our industry?

Madam Hélène Méthot: It's a concern. Mr. Desjardins was right: putting in place a selling agency won't bring about a closing of the borders, not at all. Instead it will serve to identify the product. There will be a promotion of the Quebec product. However, that doesn't solve the problem of the major player, New Zealand, that's exporting its products here. Setting up an agency won't solve that problem. So we don't have any choice but to take charge and keep up the pace of innovation in our production.

The Chair: Mr. Desjardins.

Mr. Louis Desjardins: Lamb and sheep producers used to be able to tell consumers to buy fresh lamb because it was better. It's true that fresh meat is better than frozen meat. We also exported our frozen pork, but we have not gotten to the point where we can export fresh pork to other countries as a result of rapid cooling methods and other means. We are getting the same treatment that we give to others. Those producers are able to export by international transit. So the argument that frozen meat is not as good carries less weight. However, there are costs associated with that type of transportation.

[English]

The Chair: Do you want to add something, Mr. Proulx?

[Translation]

Mr. Charles Proulx: I'd simply like to mention something since we're talking a bit about trade and products imported to Quebec and Canada. I'm a pork producer. I'll give you an example. Quebec pork production covers 150% of our needs. Despite that fact, we still see supermarket meat counters with pork from the United States, even though it contains products that have been prohibited in food in Canada for the past 10 years. That meat is nevertheless imported to Canada. So when we tell you we need assistance and ask you for permission to fight with the same weapons as our competitors, that's also what we mean.

The Chair: Thank you very much.

[English]

Mr. Easter.

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

Thank you, folks, for making the presentations.

Just on the specifics first, can you give me, H el ene, the name of the program? What was the reason given by the new federal government for cancelling the program on March 31?

• (1150)

Ms. H el ene M ethot: The program wasn't cancelled, because it wasn't a program itself; it was a project. When you present any research project, there's always a deadline to it. You have to complete all the work within a timeframe of one, two, or three years. For that specific project, the deadline was March 31, and we completed the work to implement this program through all other provinces.

Hon. Wayne Easter: That leads to my second question. Since the whole research centres network changed throughout Agriculture and Agri-food Canada—in 1995 or 1996, or sometime around then—the emphasis seems to be on up-line value-added research and not on primary production research.

You people in this case have taken over the centre, but how much valuable time is spent by researchers and others involved in administration out looking for money for projects like the one that ended, or for private partners to do, really, what I believe government should be doing, federally and provincially? What I hear from researchers is that they're spending half their time looking for money rather than doing research, whereas other countries are paying for research.

Ms. H el ene M ethot: For my part, I would say—and I am responsible for R and D projects at CEPOQ—that I spend really a small part of my time doing funding research. I mostly work on the projects, on analysis of the protocols, writing, and everything. So for my part, it's not that huge, because we cannot afford to have me spend that much time on funding research.

Besides that, because we have a small team we have a limited capacity to conduct many projects simultaneously, so there's no point in our going out trying to get 25 projects at the same time.

The need is there to do all those projects, but the resources aren't.

Hon. Wayne Easter: So the bottom line is that really there should be strong federal government input into research at the primary

production level, in terms of both the research station capacity for discovery research and in terms of the genetic project that you're just seeing cancelled. You have said it's internationally known, that it's opening up markets, etc.

So this is certainly an area for the federal—and we're hearing a lot of that. We're hearing “research and development” everywhere we go, and that it should be public research at the primary production level.

The last question goes to Mr. Proulx. You said all imported food products should respect the same norms our producers respect. I think you gave the example of pork. Do you have others? This is something we've heard in every province we've been in as well, that Canadians are regulated under certain food and safety standards, yet products from other countries that are produced differently are allowed in. Do you want to speak on that a little bit?

[Translation]

The Chair: Mr. Proulx.

Mr. Charles Proulx: We could give you a lot of examples. You need only think of dairy production, of all the non-dairy products that can be imported. There's also the market garden production of cucumbers and pickles; call it what you will. Some Quebec producers are able to produce them, in a high-quality environment that we defend and that is imposed, but we import pickles from Asian countries, India and China, which have completely different environmental criteria from our own.

Allow me to go back to the subject of research. In the 1960s and 1970s, there was a federal farm at La Pocati re. That farm conducted research, trials. That enabled farmers to go and see how that research was applied. It made it possible to transfer the results of the research that was done directly to agricultural producers. Today we no longer have that capability.

• (1155)

The Chair: Mr. Desjardins.

Mr. Louis Desjardins: Chemicals are used in the United States, products that the government here does not want to approve because the need is perhaps not as great. It costs money to have them approved in Canada. They spray fruits and vegetables with all kinds of products that we are not allowed to use here. Some would help us control weeds in leek crops. Those vegetables are sent to us from the United States, and we eat them. Just think of somatotropin in milk. Americans are allowed to give that substance to their cows so that they produce more milk, but it's prohibited in Canada. There are any number of other examples of that kind.

The Chair: Mr. Devolin, please go ahead.

[English]

Mr. Barry Devolin: Thank you, Mr. Chair.

I have a couple of questions.

First, to Mr. Desjardins, I was the first one to get my \$5 out of that bag. I don't know how you say "dibs" in French, but I have dibs on that one.

[Translation]

Mr. Louis Desjardins: But—

[English]

Mr. Barry Devolin: Ms. Méthot, I have a couple of points. The first is on research, as we were talking about research. It's my understanding that there is money available for research now. Are you aware of that? Are you pursuing any new research initiatives in sheep development?

Ms. Hélène Méthot: Yes, we are, but as your colleague Mr. Easter mentioned, when you take time to get that money, with all the administration that needs to be done around that, it uses energy that cannot be put on research itself.

Mr. Barry Devolin: As a separate question, our primary focus on this tour is to talk about business risk management. I have sheep producers in my riding in central Ontario as well and one of the problems they've had recently was with the BSE crisis. Sheep farmers who were growing breeding stock to export out of Canada were side-swiped and caught in the BSE trap. Has this been a problem for your members? Has the CAIS program, for example, been there to help offset some of the damage that was done by BSE to sheep farmers?

Ms. Hélène Méthot: This is not my specific field of expertise, but if my memory doesn't trick me, I believe that sheep producers were forgotten in the first edition of the financial help program for the BSE crisis. It was really hard for them to get through that, while their market was closed as for all the other producers.

[Translation]

The Chair: Mr. Dancause, go ahead, please.

Mr. Hervé Dancause: In Quebec, producers often have two or three types of production, milk or other types. The CAIS program covers all total farm income, and the milk portion cancels out the income derived from sheep breeding, grain crops and so on. That's a problem in Quebec.

Two or three types of production support one or two families. If we only operated a sheep farm, the program would be efficient, but it doesn't work in the case of producers who have two or three types of production.

[English]

Mr. Barry Devolin: It has been pointed out before that one of the best ways to manage risk is to have some diversification. When a program like CAIS effectively favours people who have only a single product and discriminates against people who have multiple lines of business, we're not sending the right message. We're not being consistent. We're asking farmers to be responsible and to manage their risk, but then creating a program that gives them the incentive to not manage it.

My last question is to Mr. Proulx. You were talking about "buy local"—buying local food, eating local food, and trying to encourage consumers with a consumer awareness program to buy more local food. I also think this is a way to manage risk by making a more direct connection between a producer and their consumer and not be selling into an international market all the time, where the price is entirely out of your control.

Do you think for farmers in this region that it is a good risk management strategy, to try to make a better connection with their end-consumer as opposed to producing commodities that are sold at international market prices?

• (1200)

The Chair: Mr. Proulx, and then Mr. Desjardins.

[Translation]

Mr. Charles Proulx: In general, producers are left to their own devices, in a way. Earlier we talked about the fact that there were a number of types of production. I have four, including asparagus and potatoes that are certified organic. The problem is marketing. The market is in Montreal and Toronto, six, seven, eight or 10 hours from home. My son won't go and deliver our production in Montreal. Marketing is a problem for us.

Yes, it's a good way of doing things. However, when my wife goes to the grocery store and buys cucumbers, it's written on the jar that it's a Canadian product. However, those cucumbers have been imported in bulk and put in jars in Montreal, Toronto or Mississauga. Vinegar is added, and it becomes a Canadian product. It's a bit confusing. The cucumbers come from outside Canada, but since they're put in jars here, they become a product of Canada. Labelling concerning product origin will be increasingly important, whether it be for sheep, pork or any other product.

[English]

The Chair: Mr. Desjardins.

[Translation]

Mr. Louis Desjardins: With regard to the CAIS program, grain prices are too low. We can't get by. The average of the bad years is still bad.

As for the bags, they were designed by our director. They include prospectuses promoting our products. The first condition that we set was that products had to be made here. We didn't want products from Japan or elsewhere. So the products are made in L'Islet. I'm going to circulate this bag, which is special. No one should feel left out because there's enough for everyone.

[English]

The Chair: Merci.

Mr. Steckle.

Mr. Paul Steckle: We have very limited time and this is a very interesting dialogue we're having here this morning, but really the purpose of this committee is to listen to you people in trying to help us stand better as we move forward in the new era of a new APF.

Very quickly—we need to have really quick responses, if we can—what pillar of the APF do you see as probably in most need of change as we move forward? We know that supply management has been asked for as one of the pillars. Where do you see us improving? I know that the programming in Quebec is somewhat different from the other provinces, but just tell us quickly, where would you see the need for change to take place?

[Translation]

The Chair: Mr. Desjardins.

Mr. Louis Desjardins: Income security was already guaranteed through income stabilization. That program was developed by and for producers, and it worked quite well. The money was well spent. I understand why the federal government decided to create its own program, but we had a lot of trouble, certain problems.

If the CAIS money intended for Quebec had been injected into Quebec, our income security program would have continued to operate. However, you have to find a way of doing things. You also have to have a program in the event of a disaster. The federal government is in the best position to provide this kind of program across Canada. We've already made use of it, in the flood in Lac-Saint-Jean, and in the west, when—

I've never been the victim of fire, but I'm ready to pay every year to insure myself against it. It's somewhat the same thing for disasters. Mr. Proulx said that Quebec farms were mixed. They were developed in that way in order to diversify production. When one type of production is supply-managed, that means there's a level field. The other guy is doing that next door, but that cancels everything out.

• (1205)

[English]

Mr. Paul Steckle: Does anyone else wish to comment? Very quickly, because I have one more question.

The Chair: Mr. Dancause, did you have some comments?

[Translation]

Mr. Hervé Dancause: As Mr. Desjardins said, in Quebec, we've developed... There are a number of ad pensum payments in my area. I live near the border, in the high country, as I mentioned in my address. We live from maple syrup production. A number of producers there live off forests. We also produce grain and milk. You're penalized from the moment you register for the CAIS program. This year, our syrup harvest is very poor. A producer who only produces maple syrup and who also works off the farm will be put at an advantage because he'll be able to use the program. But, for me, who produces milk and a bit of grain, all that will cancel out. I'm required to register for CAIS in order to have grain and all kinds of things. It's a problem.

[English]

Mr. Paul Steckle: Let me just ask you this. If a nation were part of the nation called Canada, if we as a nation believe that food security—food sovereignty is probably a better term—is something that we need to be striving for, and we need to have that as a sort of over-arching premise from which we develop all farm programs, if that were to be the case, would we not be able to develop better programs, knowing that, first of all, we believe in food security,

whether that's the way we produce it, the way we allow other imports into this country? All of our programs would then fit around that. Would that not be a good premise, an ideal to strive for? We haven't said that. We've assumed it; we've never really said that.

[Translation]

Mr. Charles Proulx: In Quebec, we really like to talk about sovereignty. I'm going to take the risk of talking about dairy production, which I know less about, because I'm a pork producer. We've taken aim at global markets. In my opinion, dairy production, which is governed by a supply management system, is like a form of sovereignty.

[English]

Mr. Paul Steckle: I don't want to cut you off, but that was not my question. My question was this. Should we not have a policy of food sovereignty in this country, not provincial sovereignty, but food sovereignty, where we are in control and make sure we can feed our people?

The Chair: Mr. Desjardins.

[Translation]

Mr. Louis Desjardins: I entirely agree on that. Whatever they say, dairy producers have a form of sovereignty in Canada, and they live quite well. When people ask us not to produce pork for export because we don't need it, I answer that we could do it provided people stop eating bananas, peaches and so on.

People don't realize that, if you buy products from other countries, you'll have to pay for them one day. They say it would be better to buy pork elsewhere rather than produce it ourselves. But what are we going to pay for it with? If we do nothing, we'll be paying with Monopoly money! We must not wind up looking like an African country. It's very important that we be able to eat our local production. It would be ideal, a dream, if the products that the stores sold were 75% Canadian and Québécois. When we buy products from elsewhere, we have to pay for them.

Ask anyone on the street, and you'll see how he answers you: he doesn't know that.

• (1210)

The Chair: Mr. Dancause.

Mr. Hervé Dancause: The Americans, who are also my neighbours, have understood what food sovereignty is. They offer assistance for transportation, which is free on the river. Their army does drainage for producers. We should have their patriotism. I don't mean to praise them, but the Americans subsidize their agriculture because they've understood that they have to produce food to feed their country. When they see they're short of oil, they go get it elsewhere.

Perhaps we should close up a little more and group the people who are already in place together, instead of undoing our country by impeding agriculture and reducing subsidies, regardless of the meaning given to that word. The Americans understood this before us. They passed the Farm Bill and increased direct and indirect subsidies, which will benefit them in the years to come.

One indirect way or another should be found, one that is not prohibited by MPs, to assist agriculture in the regions and in all provinces, based on the specific characteristics of each province. The west is devoted to cattle breeding, and the east is multifunctional. There are also other specific characteristics. We should head in that direction soon.

[English]

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

Monsieur Bellavance.

[Translation]

Mr. André Bellavance: Thank you very much.

Go ahead, Mr. Desjardins.

Mr. Louis Desjardins: I've always thought it was unfortunate that we are led around by the Americans. If I were the Prime Minister of Canada, I would tell the Americans that that's enough and that we have two things they don't have and that they need, that we're through with crawling around on our hands and knees. The Americans need our oil and our water. I would also tell them to stop subsidizing grain and exporting it to Canada. You're familiar with the trial concerning grain, exports, etc. The Americans disgusted us over mad cow disease. They don't have any mad cow problem because they don't conduct tests. It's clear: they don't do any. The Americans have never been barred and they don't get bogged down in anything. We bog down in banana peels. I'm going to stop there.

Mr. André Bellavance: Mr. Dancause, I'm pleased that you talked about farm succession. Earlier this morning, we heard about farm succession from a group of young people from your region. As our time was limited, I wasn't able to ask them this question because there were other speakers.

We've introduced a motion on a number of occasions, and we're introducing it again. That motion concerns the tax measures that could assist with farm succession. Our motion refers, for example, to a kind of farm transfer savings plan that would enable producers to accumulate tax-sheltered retirement funds, of course, to which the government would contribute, as it does in the case of the Registered Education Savings Plan, provided the farm is kept in place.

Our motion also suggests softening the rules for purchasing a house in Quebec, to extend the Home Buyers' Plan, the HBP, to the acquisition of a farm business. This would be an RRSP that would make it possible to acquire a farm business. Another measure could be designed to allow the carry-over of the capital gains deduction in respect of the transfer of a farm to a family member other than a parent or child, to a nephew or a niece, for example. We could also increase the eligible amount of the capital gains deduction for farm property, which would increase from \$500,000 to \$1 million. That could also be a promising measure. Obviously, the money would have to be transferred to the Government of Quebec on a recurring basis to enable it to adopt those measures.

Ultimately, these are tax measures that are proposed in our motion. I wouldn't go so far as to say that they would guarantee the survival of our agriculture, but would they at least encourage farm succession? A number of young people in your region are interested by these kinds of measures.

•(1215)

The Chair: Mr. Dancause.

Mr. Hervé Dancause: These are all good programs that should be implemented for the future. Earlier we talked about areas where there's more rock and where land is harder to cultivate. These are not farms in the High North. I think it would be an additional advantage for these regions, which are not very sought-after by young people, because they require a lot more work. They should be supervised on farms of this kind. That would encourage them to stay on the farm without having to invest a fortune in an attempt to earn an adequate income.

Some of my employees, young people, would like to have a farm. When we discuss it, they tell me they can't invest that much money without knowing that they'll have a good annual net income. I think it would be good to implement measures of this kind to encourage young people to operate a farm or to take over the family farm. It's high time that this was done because we are losing both the next generation and workers. We have a lot of trouble finding farm workers, given the sluggishness in the sector. Inadequate incomes, mad cow disease, problems in the sheep industry, all that has caused damage. It's a sluggishness that affects the agricultural sector. I think that implementing these measures would be like a balm.

The Chair: Thank you.

Mr. Proulx.

Mr. Charles Proulx: With your permission, I'm going to add a comment.

Mr. Bellavance, I'm nearly 60 years old, and I have four children. Two of them have decided to take over the farm, but I've had problems since that time. People always say that farmers are well off, but that they have one weak point. Every year that the Good Lord has given me and that I have worked, I have never purchased an RRSP. With the small amounts that were left to me, I tried to improve my farm. My farm is my pension fund. If I sell it, I'll indent my children for the rest of their days, and they will never get out of it. If I give it to them, I'm going to be forced to spend my later years with my old age pension as my only income, and I believe it's a little less than that of an MP.

What to do? If I sell it, I'm going to be taxed quite a lot. I have a problem. I'm forced to deal with my weak point, and I don't think I'm the only one in that situation. My farm has always been my pension fund, but I could be forced to cash it in tomorrow morning. I have to face my children. My grandchildren are also starting to push me out of the way. I don't know how we're going to proceed. It's true this is a real problem. The succession is non-existent, and there are deficiencies in the areas of taxation and income security.

The Chair: Mr. Desjardins.

Mr. Louis Desjardins: If we adopt farm succession measures, there really has to be a transfer to family or to other persons. If tax exemptions are granted and people use them to put more money in their pockets, that's worthless. It's better to find measures that will really facilitate transfers. I think that's very important.

Like Mr. Proulx, I'm in the process of transferring my farm. When you have a \$3 million farm and you owe \$1 million, people think you're rich, since you have \$2 million. In fact, you're poor because you can't sell your farm to your children. You have to find a way to get by.

In the Gaspé Peninsula, a paper plant project was set up. Two million dollars per job was invested. With that money, the government could have suggested to young people leaving the ITA that they buy a \$1 million farm in order to operate it, but that they remain owners. If those young people had managed to make the business profitable, the government could have sold the farm to them. The government of Quebec or of Canada would be rich: their land would have increased in value. We invest in things that we then lose. Land has value. It doesn't burn down. Can someone tell me that the value of land has declined in 50 years? On the contrary, it has simply increased in value.

Governments could invest in land and not see that as an expense. They always invest in things that lose value. They should do the contrary. If people can no longer keep their land because it costs them too much, governments can assign it to young people or less young people who are efficient.

• (1220)

The Chair: Thank you.

[*English*]

I just have two quick questions. We are out of time, so if you could keep your responses short, I'd appreciate it.

In my former life before politics, when I was just getting started farming, I had an off-farm job managing a bull test centre for performance evaluations, carcass quality, etc., very similar to a lot of ram test centres out there now.

I've always been a very firm believer in research and genetic improvement, plant breeding and primary production research. We do have a focus today on putting more into innovation and putting new value-added product lines out there.

I guess my concern or question is, what is more important? One of the pillars of the agricultural policy framework is research and innovation, but where should we put our emphasis? Is it on primary production, or is it on this new innovation? Or should it be a 60-40 split, or 75-25?

Just very quick responses, please.

Mr. Desjardins.

[*Translation*]

Mr. Louis Desjardins: In Sainte-Anne-de-la-Pocatière, we had the most beautiful federal centre, but it was closed. Imagine: a group of individuals took the centre from the producers and acquired it. It takes money for producers to conduct basic research, and we don't have any. In the case of a technology transfer, I think costs should be shared equally. Someone will have to fund basic research. There was also a potato research program in Sainte-Anne-de-la-Pocatière, but all that was abolished. It wasn't the producers who abolished it.

The Chair: Ms. Méthot.

[*English*]

Ms. Hélène Méthot: One of the problems we have in smaller livestock production is that private funding is really hard to get, whether it's for rabbits or lamb, or whatever. Private companies don't see much profit possible from investment in research in such production. So it's really hard for us to improve our production without any government help.

This diversity in agriculture is essential. You were talking about food sovereignty earlier, and diversity is essential to that concept, so it is quite important to invest in it. As my colleague mentioned, fundamental research is a little further from the producers, or it's hard to get them to invest by themselves in these sorts of projects; but it's the beginning of getting technology transfer. So I believe there is a place for government funding of research, but as organizations we have to make sure we make every effort to get those private funds also.

The Chair: Thank you very much.

We are out of time. We do appreciate your taking time out of your busy schedules to help us in our studies. We are going to wrap this up, hopefully. We have one more day left of our tour, in Ontario. We'll make sure we put together a good report to table back in the House of Commons. So we appreciate your interventions and your insight to help us put together this report.

With that, we will suspend for lunch. We will reconvene here as quickly as possible. I think we're scheduled for 2:15, but if we can get started a little bit earlier it would be better.

Thank you very much.

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