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Chair

Mr. James Bezan

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● (1305)

[*English*]

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

For our afternoon session we have a large group of witnesses. From the OFA, we have Geri Kamenz and Jason Bent. As an individual, Larry Davis is presenting. We have, from the Ontario Corn Producers' Association, Dale Mountjoy; the Ontario-Quebec Grain Farmers' Coalition, Peter Tuinema. From the Canadian Sheep Federation, we have Vince Stutzki and Jennifer Fleming.

Welcome back, Jennifer.

From the Ontario Fruit and Vegetable Growers' Association, we have Arthur Smith.

I do ask everybody to keep their comments within their allocated times: 10 minutes for organizations, five minutes for individuals.

So with that, I'll ask Mr. Kamenz to kick us off.

Mr. Geri Kamenz (President, Ontario Federation of Agriculture): Good afternoon. Thank you very much for the opportunity to appear before the Commons Standing Committee on Agriculture and Agri-Food.

I think I'm more of a free spirit, but because this is for the public record, I will keep my comments fairly close to my prepared text. It is of no surprise to you. I think you're well versed in the reality that OFA has 38,000 members and 36 different commodity members and is Canada's largest farm organization. Our policy positions are adopted by these members through our network of 101 elected regional directors.

Agriculture is one of the key economic sectors in Ontario. The agrifood industry, including farmers, processors, wholesalers, and retailers, provided 727,000 jobs in Ontario in 2005, which translates to 11% of Ontario's employment, with net farm sales in 2005 of $8.55 billion.

I think we need to be upfront about where we want the next generation of APF policy to take us. I believe this policy should not only expand the economic size of the industry, but also improve profitability at the farm level. An agriculture industry based on an unprofitable primary farm sector is unsustainable. Increasing farm income is a priority for us.

Business risk management tools are only one of the vehicles to increase farm incomes. Other tools include programs to compensate farmers for these new ecological goods, environmental goods, and services that we provide; and initiatives for better positioning of agricultural products to get more consumer dollars for truly Canadian products.

Let me start, however, with business risk management. Last week our board adopted the position that OFA would request that the federal government distribute the $400 million that was announced in the federal budget based on a three-year average of producers' eligible net sales from 2003, 2004, and 2005. While we understand that other distribution methodologies can be developed, the ENS calculation is the quickest. Priority must be given to getting this money that is on the table into producers' hands prior to June 1, which is when many supplier accounts become due.

The Canadian Federation of Agriculture and OFA strongly support federal funding to provinces to support regional companion programs. Federal funding for such programs would equalize the abilities of provinces to tailor-make safety net programming to their own regional economies. While there are many problems across Canada, the best solutions to address those problems will be different in various provinces.

One critical companion program needed in Ontario currently is a federal-provincial program to buy out our tobacco growers, including a commitment to help stabilize local economies affected by the collapse of this sector.

My colleagues today are going to identify other companion programs that are critical to the success of Ontario agriculture.

The other reality is that we must always have an eye on our international competitors. Other jurisdictions like the EU and the U. S. are shifting their spending from production subsidies to conservation and environmental programs. As they do this, they will be negotiating vociferously at the WTO for a cut to production subsidies, but make no mistake about it—their treasuries and their governments are committed to ensuring that farmers have the tools they need to be successful, and we will merely see a transfer of commitment from production subsidies to payments for what we're calling environmental goods or ecological goods and services.

Farmers provide benefits to the greater public such as food safety, environmental stewardship initiatives, and the preservation of the rural landscapes. Many of these benefits are currently positive externalities that we don't receive any compensation for; however, we get the full benefit of the costs associated with providing them. This inequity needs to be addressed by developing programs and market mechanisms to allow farmers to be compensated for public goods and services that they provide to societies, such as clean water, wildlife habitat, carbon sequestration, etc.

● (1310)

Something that was overlooked, but that was committed to in the first APF, was the whole initiative of branding. Farmers can be compensated not only for the quality and quantity of food they produce, but also for how that food was produced. However, branding Canadian products cannot be done without better food labelling requirements. For instance, Canadian consumers deserve to know where the cucumbers in their jar of pickles were grown. I think you've heard from many stakeholders at this point that as soon as 51% of the value of a product has been accrued in Canada, either through reprocessing or repackaging or transportation or retailing, our legislation allows it to be stamped as a product of Canada. That is clearly misleading the consumers.

Canadians also deserve to have the right to have imported products produced under the same safe practices and regulatory standards as domestic products are produced.

OFA members raised these points in the next-generation APF consultations, which have already taken place. There is an expectation that consultation findings will be reported back to participants. OFA has recommended to Minister Strahl that AAFC write a final consultation report for these new framework consultations detailing how the draft framework was changed to incorporate the recommendations from the consultations. For recommendations that are not acted on, the report should outline how they were considered by federal, provincial, and territorial government and explain why they were not implemented.

The other concern we have moving forward is that we may not meet the March 31, 2008, goal for the second generation of APF. There needs to be some thought given to contingency planning to maybe tide us over for an extra year, so that we don't lose continuity in farm programs, especially programs in the environmental arena— programs like the environmental farm plan— which were quick to be accepted in Ontario, yet slow to be implemented in other parts of the country.

Another important element we would like to see continued in the second round of the APF comes from what we learned in the first one—and this is no surprise to anyone—that third party program delivery is the most cost-effective mechanism available to deliver government programming, as it puts the most money into a producer's pocket at the end of the day, so you get the most value for that investment.

I'll cut this off here and, again, thank you very much for the opportunity to raise these issues with the committee. I look forward to your questions later.

The Chair: Thank you.

Mr. Davis, for five minutes, please.

Mr. Larry Davis (Farmer, As an Individual): Thank you, Mr. Chairman. It's a pleasure to be here. Thank you for entertaining us.

Mine is more of a philosophy, but I do agree with Geri on many of his comments.

First of all, it's amazing when you drive down the streets of Ontario these days and you see farmers out spreading manure with the back feeder basically broken out of their manure spreader. With an aging set of equipment, the farmers are unable to renew that equipment, and the first thing you know, all they're doing is dumping the manure on the land and not having the ability to replace the equipment.

Barns are in disrepair. Some of them are empty. We do see large new operations—shining, gleaming tractors, but it comes at an expense, and that expense is mostly borne by the banks, owed to the banks of Ontario and Canada, in that situation, unfortunately.

Cities across Canada are developed on the most productive topsoil in Canada. They are expanding, taking up a lot of the land that's highly valuable, pushing the topsoil into piles, and paving it over with a monoculture called houses or industrial parks.

Canadian farmers, on the other hand, create quality food, clean drinking water, and breathable air. The aspects of a healthy life are all a result of Canadian farming. Canadian farmers are your source of quality food, free from drugs and pesticides that are illegal in Canada. Canadian farmers produce food where regulations and good farming practices result in a trust that what you eat or feed your pet won't kill you or your pet. Canadian farmers are your source of naturally clean drinking water, without the costs of expensive mechanical machines that require sometimes erroneous human intervention. Canadian farmers have put natural systems in place to help mother nature create or keep water consumable from a ground source.

What about quality air? It's necessary for life. By growing crops and protecting forests and farmland, farmers all across Canada are creating and sustaining quality air. Carbon sequestering done by crops and forests is an important aspect of clean air.

Farmers need to be compensated for any benefit to the public good that comes from creating a habitat for wild animals, birds, and reptiles, even your species at risk.

Canadian farmers should be part of the solution to clean air, through carbon sequestering—in other words, taxing polluters and compensating green initiatives. Support from the government for green fuels for agricultural products, like corn and ethanol, would be a good initiative.

Consumers must commit to buying local produce for their own health and the health of the local and national economy. Health Canada and Agriculture and Agri-Food Canada need to work together to show the benefits for a healthy food, air, and water policy for Canadians.

Canada must have a Canadian safe food policy in place, using and showing the benefits of Canadian produce.

Stop imports of food that don't meet Canadian standards. Canada should not purchase food from countries where labour does not meet our standards. The subsidies paid to farmers in other countries is putting Canadian farmers at a great disadvantage and creating poverty throughout the world.

The following, which I've printed out for you, is a news article pertaining to a session I held recently in Brantford with commodity leaders from that vicinity. I'll just leave it for you to read through. That's from local farmers in the Brant county area here in Ontario.

Thank you.

● (1315)

The Chair: Thank you, Mr. Davis.

Mr. Mountjoy.

Mr. Dale Mountjoy (President, Ontario Corn Producers' Association): Thank you. I appreciate the invitation I received from this committee. I understand you may not have the outline with you. I did not have time to get it translated, and I apologize for that.

I'd like to touch on the income crisis, the Canadian Corn Producers' Coalition, the multi-pronged approach we took, and the solution that we see in the future.

Since 1997 the entire expansion in demand for corn in Canada has been met entirely by U.S. imports. The injurious impact of U.S. subsidies through artificially low prices means corn production in Canada has not been economically viable. Corn users have also recognized that farmers face a significant financial crisis.

In late 2004, when market revenue was running out, we were asked, as part of a coalition that was formed, to discuss what we could do to counter this. We had not done it earlier. We had been asked much earlier to form this coalition. At that time in Ontario we still had a market revenue program. We had an income support program, but that was running out. CAIS had been active for a year or two, and we were starting to see that it was not working for grains and oilseed farmers. So at that time we formed a coalition among Ontario Corn Producers' Association, the federation from Quebec that produces grain, and the Manitoba Corn Growers Association, totalling 26,000 Canadian corn producers.

We came up with a multi-pronged approach, the first being the Byrd Amendment retaliation, a WTO case, income support programs, and an anti-dumping countervail duty case.

The Byrd Amendment retaliation. I won't spend too long there. We requested that it be added to the list. After a long deliberation it was not added to the list, and I understand it is now going to be repealed, but to date corn is not on that list.

The WTO case. We asked the Canadian government to commence WTO proceedings in 2005 by requesting consultations with the U.S. regarding the illegality of U.S. corn subsidies. Canadian corn producers believed we would win a WTO serious prejudice case because Brazil had won challenging the cotton subsidy and moving on from there. To help the Canadian government appreciate the nature and scope of the opportunity, we presented a turnkey brief. I personally was in Jim Peterson's office when we presented that, and it did not get taken up.

Now, as of January 2007, it has been taken up as consultations, and 32 other countries have joined those consultations. That is a long lag for a guy who is trying to produce corn, and that's just the beginning of the consultations as well.

One of our major efforts over all of those years has been trying to support the income support prong. CAIS did not work for G and O farmers due to suppressed reference margins, even from the very beginning of CAIS. The Canadian government has recently announced a second $1 billion improvement to national farm income programs, and we appreciate that, but as stated, that is flowing mostly through CAIS and does not reach grains and oilseed farmers.

As for some of the new proposals that are out there, we're not sure how they are going to flow. We're a little skeptical after previous experience.

We've asked the Canadian government to provide additional funding to income support programs in Ontario, such as the risk management problem and different programs in other provinces, which leads to the anti-dumping countervail case.

CCP's attack on U.S. corn was the exercise of its legal rights under domestic trade remedy laws by launching an anti-dumping countervail case against U.S. corn. We had been told many times in Ottawa to address the income support prong, that we had legal tools to use and we had not used them. We were told this by MPs and we were told this by bureaucrats, so we went ahead in August 2005 and filed our complaint with the Canadian Border Services Agency.

The anti-dumping countervail process in Canada has two main stages, and you deal with two main agencies. The Canadian Border Services Agency determines whether U.S. corn is dumped or subsidized, and the Canadian International Trade Tribunal determines whether that dumped or subsidized corn causes injury. Each of these stages has a preliminary and a final determination.

● (1320)

On December 15, 2005, Canadian Border Services Agency came up with a preliminary dumping figure of $1.65 U.S. a bushel, which was $1.91 Canadian a bushel, given the exchange rate at that time. The Ontario spot price at Chatham, which is a benchmark price area in Ontario, was $2.71 a bushel. When you do the math, that's a 70% assessment on what we're receiving in Ontario at this time.

In the CBSA's final determination in March 2006, that was lowered to $1.47 a bushel. CITT had originally taken up the case in the preliminary decision that there was enough there to investigate; however, in their final decision they decided that dumped and subsidized imports were not the cause of injuries suffered by Canadian producers—this despite the fact that on their own finding, U.S. imports set the price of corn in Canada, and that the margin of dumping and the amount of subsidy was significant.

I'd like to refer you to those figures I quoted previously. We believe the CITT made key errors by confusing the concept of price suppression with price depression and refusing to consider the 44% margin of dumping and the equally high amount of subsidy as required by law. We have therefore applied for judicial review of the no-injury decision, and that was done in November 2006. A hearing will be coming up in early June in Ottawa. We'll continue to pursue it for many reasons, even though, as many of you may have heard on the news, there have been price increases over the last six months. There have also been price decreases. One USDA report put a 50¢ drop in the market within a very few days, and that was just in mid-March.

The average market price our farmers are receiving is much below what the news would have you believe. To March 31, the average weighted market price our producers were receiving was $3.42 a bushel. Input costs have increased severely. I know in my own area, urea has gone up from $350 a tonne a year ago to $525 a tonne this spring. That is a significant increase.

We've come off two of the worst marketing years ever. The next U.S. Farm Bill has been mentioned to you, I'm sure, many times. Different methods of delivery have been spoken about, but the same amount of money or more in direct payments will go to the American farmers. The agricultural attaché at the U.S. embassy in Canada has said the U.S. farmers will have the tools they need to be competitive.

That brings me to the solution. I believe, and Canadian corn producers and Ontario corn producers believe, we need national income support companion programming with regional flexibility. We need this to effectively target funding for future sustainability. Relying totally on inputs is not the way to run the rest of Canadian agriculture. In Ontario, we believe that would be the risk management program. In Quebec, they have the ASRA program, which they feel it should flow through, and we feel it is up to the other provinces to bring forth what is correct for them.

CAIS, as has been well pointed out, has shortfalls. Income stabilization on decreasing and long-term suppressed margins does not work for grains and oilseeds producers. Ad hoc payments do not work. They are not predictable or bankable. I know the Canadian Banking Association has asked agriculture for years to come up with a program that is bankable. How can one of my growers produce a cashflow statement or a budget for his bank for his yearly inputs if he doesn't have a program that can say, this is what it may bring if the price drops below this?

With that, I'd like to thank you very much. I look forward to your questions.

● (1325)

The Chair: Thank you.

Mr. Tuinema.

Mr. Peter Tuinema (President, Ontario-Quebec Grain Farmers' Coalition): Thank you very much.

I'm Peter Tuinema and I'm with the Ontario-Quebec Grain Farmers' Coalition.

You heard this presentation yesterday, I guess, but one difference is that it's from me today, and the second is that it's in English. What I didn't realize is that my partners in Quebec weren't going to inject Quebec numbers; they actually used Ontario numbers.

I'm not going to go through the whole document. You heard all that yesterday. You're hearing from Dale, who is from a different organization but is connected to us, and you're hearing a lot of the same stories—that CAIS is an income stabilization program and that we need income support programs to deal with a lot of these issues.

You're hearing some of this twice from one organization, but in two different locations. You're hearing that both Ontario and Quebec have the same challenges with grains and oilseeds. There's product coming in depressing our prices. Dale has touched on some of the ways to address that, but currently we need income support to deal with this situation.

To address that federally, what we're asking for is companion programming and income support dollars to fund programs like that, but with reasonable regional flexibility. You've probably been to eastern Canada, where they're very different from Ontario and Quebec in a lot of the products. One program nationally to try to address all the agricultural issues on business risk management across the country isn't going to do it; we need to have more flexibility in how federal programs are developed.

With the latest announcement, the $1 billion, there's $600 million going into a NISA-type or producer savings account, top tier. That's certainly an excellent program to be coming forward with, but it's still only income stabilization and doesn't necessarily address our problem. The $400 million that's part of that—it's excellent that those dollars are coming forward, but they're ad hoc dollars. The quickest way to get ad hoc dollars is out through ENS. I agree with that, and that's probably the way it needs to be done to do it quickly, but it's not always the best way. It's ad hoc, and a lot of those dollars don't end up going to where the need is. They may be going to sectors that haven't necessarily had struggles in the last year. In a lot of cases, that sometimes makes things worse, because producers compete for different resources that they work with and it can distort the market.

What you're really hearing this afternoon and probably this morning is that one program is not going to do everything. Changing that programming a little may address some of the issues with the program, but it's still a stabilization program. What we need really, certainly for grains and oilseeds, and there are other sectors, is an income support program with regional flexibility.

Thanks very much for your time.

● (1330)

The Chair: Thank you.

Mr. Stutzki.

Mr. Vince Stutzki (Member, Board of Directors, Canadian Sheep Federation): Good day. There's some pretty heavy stuff here today.

I'm Vince Stutzki. I'm an executive member of the Canadian Sheep Federation board and an elected member of the provincial board, the Ontario Sheep Marketing Agency. I'm from Paisley, Ontario, where we run, or try to run, a 650-head farm.

On behalf of CSF and OSMA, I would like to thank the committee for providing the industry with the opportunity to participate today and provide our comments on the agricultural policy framework. Jen, my boss here, told me to speak slowly and clearly, so I will try to do my best to follow along with the notes I have.

The CSF, along with the other national sheep organizations—the Canadian Co-operative Wool Growers, and the Canadian Sheep Breeders' Association—have taken advantage of the suite of programs offered through the agricultural policy framework to address some of the extraordinary risks that sheep farmers face today, such as diseases, natural disasters, and trade barriers. The series of pillars that constitute the APF have proven beneficial, as the industry strives to increase its viability and sustainability.

Jen gave a presentation already to this group on the business risk management part, so I'll just highlight a few of the things we think the program must do. To help build a stable foundation on which primary production can build an industry, business risk management programs must be flexible enough to address regional and commodity needs, be predictable and cost-effective, help re-establish all markets that are destroyed, and not impede commerce. I encourage you to refer to the document that was submitted to the committee on April 5 for more details.

I would now like to provide some brief comments on a few of the other pillars that comprise the APF, specifically science and innovation, food safety and quality, and market development and trade.

One of the key points we would like to highlight under the science and innovation pillar is that research conducted by the international scientific community should be recognized in Canada, especially for commodities like sheep, where little research in Canada is being conducted. In the sheep industry there is great difficulty getting drugs approved for use. These same products, however, are readily approved for use in sheep in Australia and New Zealand. This inability to access drugs puts Canadian sheep producers at a competitive disadvantage.

Food safety and quality will continue to be issues that the primary sector works on. Government messaging, though, should not promote food safety programs as an opportunity for new markets. This opportunity is not available in all sectors, and the consequences of such messaging should be carefully considered. For example, if the implementation of a food safety program results in a higher-priced product, the consumer might be in the position of having to choose between food safety and affordability.

In the same breath, implementation and certification should be accessible to all producers because costs should not prohibit participation. The costs of these programs cannot simply be downloaded onto farmers with dwindling incomes.

Canadian farmers contribute significantly to the public good by providing high-quality, safe foods. Canadian farmers should not bear the entire cost of implementing environmental, traceability, and food safety and quality programs. Public contribution to these programs needs to be ongoing.

The importance of a market development and trade pillar cannot be overemphasized. When all proposed pillars—science and innovation, renewal, food safety and quality, environment and business risk management—are effectively implemented, they will strengthen the ability of commodities to maintain and develop markets, helping to ensure that Canadian agriculture remains competitive.

An undeniable component of the market development and trade pillars are value-chain round tables, especially to commodity groups that are trying to increase their share of the domestic market, such as for sheep. Value-chain round tables enable all sectors of the chain to respond strategically to issues associated with traceability, regulatory compliance, innovation, and consumer preferences. In addition, they provide industries with the opportunity to gather and develop market intelligence that aids in their ability to respond in a timely fashion to consumer preferences. The ability to respond quickly to consumer and customer demands is an essential component to ensuring the success and viability of any industry.

● (1335)

Another important component of the market development and trade pillar is the ability to address issues of market access. For instance, most of the lamb processed in Canada is done so in provincially inspected plants. As such, the industry's ability to provide consumers across Canada with Canadian lamb is very limited. Vancouver is the second largest lamb-consuming city in Canada, yet the industry's ability to fill that market is limited because 60% of the lamb processed in Canada is done in Ontario. Of that 60%, 90% is slaughtered in provincially inspected plants. The Canadian sheep industry strongly supports the elimination of interprovincial trade barriers.

Finally, as a member of the Canadian Animal Health Coalition, the sheep industry would like to see animal health issues addressed as a distinct and important component of the APF framework. This would include the development of a national farmed animal health strategy. The reason for this is twofold.

First, animal health as it relates to human health is a public good, and responsibility for it should be shared by the federal, provincial, and territorial governments, as well as industry. Second, the Canadian sheep industry is currently dealing with two animal health issues that are directly linked to our ability to access international markets. The handling of those health issues will be most effective when it's part of a national farmed animal health strategy.

While the border was closed in May 2003 due to BSE, it is set to remain closed to small ruminants that were not included in rule II. Some have indicated that this is primarily due to Canada's lack of a scrapie eradication program at the time the border was closed. While the industry has committed to a national genotyping program and a voluntary scrapie flock certification program with the help of ACAAF funding, a scrapie eradication program is not complete without long-term national scrapie surveillance.

The federal government has committed funds for a surveillance program, but the long-term availability of these funds has not been guaranteed. A three-pronged scrapie eradication program such as this is absolutely necessary if the industry has any hopes of being able to access the American market again.

In addition, there have been some recent changes to the import policy in relation to the listing of restriction around bluetongue. The sheep industry supported this move, based on science and a commitment from the government that an ongoing bluetongue surveillance program would be implemented.

Having the government commit to animal health programs and the development of a national farmed animal health strategy would go a long way to ensuring that the Canadian sheep industry has access to long-term disease surveillance programs that would facilitate our ability to re-access and maintain markets.

With that, I would like to conclude what I have to say. Thank you very much for giving me the opportunity to speak to you today. I'm looking forward to some questions.

The Chair: Thank you.

Mr. Smith.

Mr. Arthur Smith (Chief Executive Officer, Ontario Fruit and Vegetable Growers' Association): Good afternoon, and thank you for allowing us this brief opportunity to discuss the APF as it pertains to the fruit and vegetable farmers in Ontario.

My name is Art Smith. I'm the CEO of the Ontario Fruit and Vegetable Growers' Association. We're a provincial organization comprised of 28 individual fruit and vegetable grower groups and marketing boards. Our total farmer membership is approximately 7,500 and we have an economic value in this province of about $1.3 billion to $1.4 billion farm gate.

The first issue I wish to discuss today is that of the self-directed risk management program. We are seeking your support for the extension of our self-directed risk management program, referred to as SDRM, to cover the 2006 and 2007 crop years. It's horticulture's alternative to production insurance and has been utilized extensively by Ontario fruit and vegetable growers for the past decade.

At this point, Agriculture and Agri-Food Canada is refusing to extend this program, leaving many of our growers without any form of crop insurance coverage. A promise and guiding principle of the current APF, which commenced in 2003, is that all crops grown in Canada would have access to both CAIS and production insurance, yet this promise has not been fulfilled. In fact, there has been little if any development of new production insurance programs in our commodity here in Ontario.

We are now into the fifth and final year of the APF 1, yet we still have no crop insurance coverage on many of the fruit and vegetable crops that we grow. Presently, the government is working on a pilot program for the fresh vegetable sector; however, that will be limited to 50 farmers in 2007.

Is this the fault of the fruit and vegetable growers? Not at all. It is the role of Agriculture and Agri-Food Canada and the Ontario Ministry of Agriculture and Food to develop and deliver these programs; it is not the farmers' role. If there is no change to the current position, it will be our farmers who will carry the burden of insufficient production insurance programming.

When the APF was initiated, it was known that the development of new production insurance for horticulture was not going to be easy. Horticulture does not fit a production insurance mould that was produced primarily for the grains and oilseeds sector. It was for that reason that SDRM was developed in the mid-1990s and extended to cover 2003, 2004, and 2005. It is also the reason that prompted the then Minister of Agriculture to write to our industry, saying the following:

> The APF is performance-based and so, if governments and industry together cannot deliver on a commitment we will be obliged to look at alternatives. Before the end of three years, industry and governments will take stock of what insurance products have been developed to meet risks. If the products have fallen short, the scope may need to be broadened and alternatives, such as self-directed risk management or variations, may need to be considered.

That commitment, however, is being ignored, and it is one of the reasons we are here today to seek your support in overcoming this inequity. We are not asking for anything more than for the government of this country to follow through on a commitment made at the outset of APF 1, that all producers across this country have access to both CAIS and production insurance, and if a program could not be developed by the end of three years—and one has not been—then a program such as SDRM needs to be considered.

We believe that the government has made a commitment to our industry and that it has a moral obligation to follow through on that very commitment. While government will tell us that SDRM is not production insurance because it is not premium-based, SDRM, in the minds of the growers, growers without crop insurance, is comparable to production insurance, and our members need some form of coverage, traditional or otherwise.

We believe it is unacceptable to our members that SDRM, their form of crop insurance, has been taken away and replaced with nothing more than broken or empty promises of production insurance coverage.

Our request for the federal government to contribute their 60% share to the extension of SDRM would fulfill the government's commitment that was made to our industry at the outset. It does not give our industry any more coverage than what other crop producers already have and take for granted. It does not guarantee prices for market. It is simply a workable alternative to production insurance.

As a signatory to the APF, the Ontario government has recognized both the commitment made and its obligations to follow through on that commitment. It has already committed to share the funding toward an SDRM extension to cover crop years 2006 and 2007. We need the federal government to do the same, to extend its share of funding for SDRM for 2006 and 2007 and until such a time as suitable production insurance is developed for all of our farmers. The federal government needs to honour the commitment, made to our industry at the outset of APF 1, that all producers of all crops have some form of production insurance coverage.

● (1340)

I think you'll agree that we are not asking for much in the way of dollars. The cost to the federal government is approximately $7 million annually. What we are asking for is that the government deliver on its commitment to our farmers.

Even without crop insurance, the fruit and vegetable industry has become one of the greatest innovators in agriculture in Canada. We derive our living from the marketplace, where we continue to see our future. However, it requires the assistance of government that is willing to understand the unique needs and assets horticultural brings to the table.

One such example would be a Canada-wide school snack program. Obesity is increasing at an alarming rate and is regarded as one of the greatest threats facing today's youth. According to scientists, today's younger generation will on average be the first in the history of civilization not to live as long as their parents. The cause is obesity.

We know that this trend can be stopped, but it will require a change in the eating habits of our population. This problem is not unique to Canada, and in other jurisdictions steps have been taken to remedy the situation. School programs have been implemented. More traditional fast foods have been replaced with nutritious foods. Fresh fruit and vegetables are used as snacks instead of candy, pop, and fatty foods.

The results are most encouraging. Altering the eating habits of the young has been shown to improve their attentiveness and learning ability in school. It will reduce the strain on the health care system, and at the same time, it will open up a market for farmers across Canada. We're currently involved in a program that has shown that the fruit and vegetables grown here in Ontario are diverse enough and available long enough to supply schools with fresh Canadian products year round.

We urge the government to strongly consider involvement in such programming across all of Canada. The children win, the health care system wins, and the education system wins, as do the farmers. It is truly a win-win situation.

Regarding CORD funding, for more than a decade the federal and Ontario governments have funded CORD programming together. The most current program, CORD-4, will terminate on March 31, 2008. These programs have enabled commodity groups to do essential research and market development work. Without these programs, many of the commodities grown in this country, especially fruit and vegetable crops, would not have any means to carry on this much-needed work.

What is also needed is a longer time period for this type of programming. Most scientific research requires a long-term commitment and cannot be effective if funding is continually in question. We strongly recommend that this program be continued throughout APF 2 and committed to as soon as possible, so that the plans can be made in advance.

With regard to research and innovation, global trade has and will continue to create pricing challenges for our farmers. Research and innovation will be one of the keys to an economically viable industry in the future. Governments need to play a key role in funding this research.

The fruit and vegetable industry in Canada is so diverse that many of our crops, although extremely important, have relatively small farm gate values. For example, the farm gate value of the strawberry crop in Ontario is $15 million. Many other crops are even less. Clearly there is little money that can be generated from the marketplace to deal with meaningful research and innovation. It is one of the differences between the fruit and vegetable industry and the grains and oilseeds sector, where a single crop can be worth hundreds of millions of dollars.

We strongly recommend that the governments of this country commit to significant funding of research and innovation.

In the interest of time, I have a number of other points that you've already heard this morning, so I am not going to repeat them. They have to do with market access programming, buy Canadian programming, and enhanced funding for the environmental farm plan.

● (1345)

I would like to make a concluding comment. Safety nets and ad hoc programming are very important, but we believe that as an industry, as a sector, there is more to be gained from accessing a strong marketplace than from a reliance on ad hoc government programming. It is why we are here today to seek your support in those areas that will make a difference and will add to the long-term sustainability of our industry and help to preserve what is the world's most secure and safest food system.

Thank you. We look forward to your comments.

The Chair: Thank you.

I understand that we have agreement that in order for Mr. Miller to get away early, we're going to let him go first.

So it's your time, Mr. Miller.

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

Thank you, lady and gentlemen, for your presentation.

And thank you to my colleagues. I'm going to have to miss the last hour of the session here today, but I can tell all the presenters that I will be reading the Hansard to see your comments. I appreciate your coming here.

I think my colleagues around the table here would agree that across the country we've heard a certain amount of consistency on some areas, and certainly, I think, on some new areas. Maybe even some new questions came in.

Geri, you touched on one of them: support for regional companion programs. That seems to be fairly consistent right from coast to coast, and I think it's something we have to look at.

Another one is truth in labelling. It's come up here today. But the one thing, Geri—and I'd like you to maybe speak to this a little bit—is that we don't have 100% agreement on country-of-origin truth in labelling—that's my term for it. I put the two together. Not all the commodity groups support that, so I'd like to hear a little bit on how we deal with that.

Another thing is that you talked about third party program delivery. I know what you mean there, but for the record, Geri, I'd like you to explain it so that somebody else reading this report months from now can know exactly what you mean by that.

I'm going to throw two other questions out, and one is for Vince. Vince, on that scrapies program that you talked about, could you give, if you have it, the cost of what a total monitoring program would cost right across the country, not just for Ontario?

To Mr. Smith, we've heard across the country in different places about a national crop insurance program, and I wonder what your comments would be. Would that address some of the problems in your industry, and maybe all of them in general?

So Geri will start.

● (1350)

The Chair: I hope everybody took notes on what questions you're supposed to answer. I ask that you keep them short. He took two minutes to ask them, and I want to give you three minutes to answer.

Geri, please.

Mr. Geri Kamenz: Thank you.

First, I'll apologize to the vice-chair and the translator. I was fairly quick going through my opening comments.

To answer the second question first, third party delivery is as simple as this. Everyone recognizes that the most expensive form of program delivery is at the federal government. It's just the administrative costs associated with delivering a program. So as a consequence, when APF 2 programming was looked at, the environmental programming, OFA was actually the contracting party with the government. We agreed to deliver federal dollars to Ontario farmers, with a very clear set of parameters. The reason the government chose to go that route is, as I said earlier, that it is the lowest administrative cost, yet it provides all of the audit trail necessary for the government.

I did not talk about country-of-origin labelling. What I talked about was being able to label product to differentiate it from other products on the shelf. All over the wire service this morning they're saying that the wheat gluten that was laced with rat poison was redistributed and found itself a new home in six states in the form of a hog feed ingredient, and now they're scurrying to pull that type of product off of store shelves. That would never happen in Canada.

What we're saying is that every product.... I know in my organization, at last count, there are 207 different commodities produced in Ontario. Everybody is on the same page, saying allow us to differentiate our product in the marketplace.

The Canadian consumer has tremendous confidence in our food safety, in the CFIA. They may not all buy product of Canada tomorrow, but as we see more and more of these incidents, they will be looking to see what is clearly product of Canada and what is product of Canada that is maybe watered down and, I dare say, polluted with ingredients from other countries.

Today's is only one example. If you look back, the Hershey's plant in Smiths Falls was closed because of salmonella that was from an imported food ingredient.

Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Stutzki.

Mr. Vince Stutzki: For genotyping we currently have approximately $1 million, and the same for flock certification. For surveillance, we would need to test approximately 4,000 targeted animals—dead sheep, dying ewes—to meet OIE standards. So the costs would be approximately a couple of hundred thousand dollars per year.

It's a number we're not 100% sure of right now, but we'd love to get back to you with a more exact number.

The Chair: Mr. Smith, Mr. Miller's time has expired, so be very brief.

Mr. Arthur Smith: With regard to a national crop insurance program, there are forms of crop insurance across all of Canada.

Our diversity in Ontario has led to one of the problems, and we've never had crop insurance for many of our crops. Crop insurance tends to work better where you have a processing crop, where there's third party verification of your sales. On the fresh side of that, you don't have that.

SDRM, which is what we've used for over 10 years now, works extremely well. It's very adaptable and can be adapted across Canada instantly—and not only in the fruit and vegetable sector, but it can be adapted by some of our meat people as well. And they're looking at this and saying, hey, this would work for us. It is a form of self insurance, where you put a dollar in and the government matches it, and it sits in that account. It's very similar to the old NISA account. And you know what? When you have that problem—and it can be triggered by weather—boom, there's your money. And it's very simple.

● (1355)

The Chair: Thank you.

Mr. Steckle.

Mr. Paul Steckle (Huron—Bruce, Lib.): I want to touch on something that I think is very important.

Mr. Kamenz, you mentioned third party delivery as probably the most efficient way of delivering money. A couple of years ago we delivered a billion dollars within a matter of a couple of months to Canadian farmers. I think it was the most quickly delivered money ever.

I happen to have to call Agricorp from time to time because of problems—not of my making, but of someone else's making—and they don't even know who I am. I guess by the time they get to know who I am, they've moved to another department; so they will continue to want to know who I am. In fact, once they know, they usually move on. In any event, I just find them to be an organization that is very stressful, and so do my farmer friends. First of all, often you can't get them on the phone.

Anyhow, you may disagree with me on that, but I think it's time we started looking at some models that might work for us. I think what the Ontario grains and oilseeds people have done in conjunction with our Quebec partners is a model that needs to be extended across this country. We need to start working together. Provinces need to start coming together. There are going to be disparities or differences between provinces, and we ought to understand the demographics and the geography of our country. Things aren't the same from one province to another, but I think it's time to look at one farm plan for Canada.

We have a delivery system in this country that is delivered by 10 provinces. Today we talked about the fruit growers not getting a program worth $100 million, because the province has agreed and the feds haven't, or the feds have agreed and the province hasn't. This is not the way to deliver programs. The U.S. has one farm plan, not 50 or 51. If we're not ready to start thinking about that, if we want to protect our particular political bailiwick, if that's the way we're thinking and we're not going to move beyond that, we're going to be doing this in another 14 years from now.

This is my third trip across this country, and really, things haven't changed much, as I said the other day—except the hairline and perhaps the date on the calendar. We are still talking about the very same things. People, please, I'm also a farmer. I've listened to this so many times, I can't tell you. It's time we move beyond this.

I've given you some things. I think there are some things that are very positive. The risk management program proposed by the Ontario grains and oilseeds people, I think, is a model. I am not suggesting it's perfect, but I think it's a model we need to look at.

As we move forward with the other pillars, the business risk and the crop insurance have been working fairly well and, I guess, the delivery....

Has the money been delivered? Can you show me that the $1.5 billion in the 2006-07 budget was delivered? Can anyone show me that? Were we able to show it when we were government? I don't think so. Has it been delivered? I'd like to know that. I guess it's old money being regurgitated and presented in a new form.

These are things I think no one knows. I, as your politician, don't know. So I'm sure you'll make a short comment.

The Chair: Who wants to respond? Mr. Kamenz.

Mr. Geri Kamenz: Thank you.

I hope you don't interpret my comments as supporting Agricorp. My provincial minister is suitably upset with me because of my comments around Agricorp and instructing her and the chair of the public accounts committee to audit Agricorp for the very reasons that you've pointed out.

With respect to a national farm program that is similar to the U.S. Farm Bill, that is what we have all been saying for the last 20 years. The good news is that 20 years later we have a working model in Quebec, which is one we need to replicate in other provinces. The Quebec model says to the federal government, make your allocation and allow us to distribute that money as we see fit; we will do it right, and the producers will work in collaboration with us to design the programs and the tools that they need.

The challenge we're running into a brick wall on is extending that same companion program philosophy to all of the other provinces.

The Chair: Anybody else?

Mr. Stutzki.

Mr. Vince Stutzki: I'd like to comment on that.

Yes, the money was delivered, but it was also taken back, out of the sheep industry. And you don't hear that very often.

● (1400)

The Chair: Peter.

Mr. Peter Tuinema: I have a few comments on Agricorp.

I think the issue with Agricorp is the program and its complexity rather than the organization. I think the organization has probably served us well. But there are so many ad hoc payments and complex cases, I think that's the bigger challenge. Producers are phoning you, and you're getting the ones who are having the problems. They certainly have been getting dollars out and whatnot.

As far as a national program goes, one size doesn't fit all. If there are federal dollars available—and Geri really touched on it—to do a more individualized program for each province, then you really have a national program. But one size fits all, for every commodity, every sector, I don't know if that's quite there yet.

The Chair: Thank you, Mr. Steckle.

Very, very quickly, Mr. Smith. The time has expired.

Mr. Arthur Smith: On your question about whether the money has flowed, how do we know that for sure? With the P1 and P2, the billion or $900 million that was allocated there, I can tell you that precious damn little came to horticulture. The reason is that most horticultural crops are not storable.

The P1 and P2 was to adjust over time. It may have been a good, quick way to get that money out, I don't know, but I know that it did not address the need in the fruit and vegetable sector. The mechanism simply wasn't there.

The Chair: Thank you.

[*Translation*]

Mr. Bellavance, for five minutes.

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

Thank you very much for your testimonies. Ladies and gentlemen, I am very pleased to hear, once again, comments that will be very helpful in designing a Canadian farm policy. Also, I have greatly appreciated the remarks made by Mr. Kamenz and Mr. Tuinema. They said that if the federal government imposes its views and its goals on provinces, on farmers, on regions and on the different commodities through a national policy, it will create disparities. This is what is happening now with the first Agricultural Policy Framework which has been forcibly put in place.

If we are here today and if the federal government, and even a Senate committee, has been consulting people all across the country, it is because things are not working as we would like. Let us be clear, we should design a flexible agricultural policy framework for provinces, areas and various commodities.

Mr. Kamenz and Mr. Tuinema, in your testimonies, you mentioned the companion programs issue. I would like some more information on the implementation of these programs in Ontario. Are they complementing federal programs such as CAIS or duplicating them?

[*English*]

The Chair: Go ahead, Mr. Kamenz.

Mr. Geri Kamenz: Thank you.

When we look at business risk management planning tools, especially on the income side, crop insurance does work in partnership with the federal government. But unfortunately, there are no companion programs available to Ontario producers. Ontario looks to the federal government for leadership, which is a terrible thing to have to live through and a terrible environment to farm in.

That's why we pointed to the $400 million that is currently on the table. We're saying that the sooner the will can be shown to distribute that money, the more likely we are to trigger our 40% matching funding from the province to turn that $400 million.... Well, if you look at historical funding allocations, Ontario's share is presumably going to be somewhere around $80 million. We can turn that $80 million into about $130 million, and that becomes a very meaningful injection of capital when farmers most need it.

To answer your question directly, unfortunately there are no companion programs in Ontario that are run in isolation of the federal government.

● (1405)

[*Translation*]

Mr. André Bellavance: Mr. Tuinema, you would like these programs to be funded by the federal government. You would have to coordinate this with the provinces and take into account the particular needs of each commodity. As I said earlier, there should be flexible programs addressing the needs of various provinces, areas and commodities. It would be a step forward for grain producers.

[*English*]

The Chair: Go ahead, Mr. Tuinema.

Mr. Peter Tuinema: Yes, that's correct. Currently we have CAIS and production insurance, which address income stability and crop perils. But they don't address some of the challenges that grains and oilseeds have regarding pricing due to the effect of, say, U.S. farm programs.

The one thing you'd asked about earlier was the connection between the proposed programming in Ontario, the risk management program, and the federal program, CAIS. They're meant to be complementary. They're meant to be interconnected. So a producer ends up getting the better of the two; he doesn't get paid twice for the same income issue he has. That part is meant to be shared between the two.

It's also meant to be funded—over and above what CAIS wouldn't cover in that program—both federally and provincially, at 60% and 40%.

[*Translation*]

Mr. André Bellavance: Mr. Stutzki, we met yesterday in the province of Quebec, a lady from the Centre d'expertise en production ovine du Québec which is serving sheep producers. I did not have the time to ask her any questions. In answer to Mr. Steckle you said that you had received money from the federal, but that you had to give back some of it. This lady referred to a research program in the field of sheep production from which the government has withdrawn its funding. She also mentioned a national breeding program for which the government has not yet confirmed its intention to maintain its funding.

Did you say that you received some money but had to give it back?

[*English*]

The Chair: Mr. Stutzki.

Mr. Vince Stutzki: The money we received was ad hoc money throughout the time of the BSE crisis. It was extended to us during that time period with the understanding that they had the right to take the money back if there was a need for that. And that is exactly what happened to us. This was not a research money dollar. This was money sent to us ad hoc because of the crisis with the BSE situation at that time.

[*Translation*]

The Chair: Thank you very much.

[*English*]

We'll go to Mr. Atamanenko.

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

I would just like some clarification.

Mr. Mountjoy, in regard to corn, my understanding is that when this whole dumping process started, as you were saying, corn was being let go in Canada for $1.91 Canadian and later for $1.40. But at the same time, the Canadian price was $2.71. In other words, it was being sold for less than the cost of production. Am I right?

Mr. Dale Mountjoy: No. The $1.91 was the amount of duty being applied to the U.S. corn as it came across the border. At that time, Ontario corn was selling for $2.71. You need to add the two figures together to come up with an end-user cost of corn.

Mr. Alex Atamanenko: The end result of that was the process.

Mr. Dale Mountjoy: There was a six-month period when that was in place, when the Canadian Border Services Agency came up with the final determination of what they would put a price on. That was the $1.47 duty—that's American. That would have been applied for the next year if the Canadian International Trade Tribunal had found we were injured, so they had a duty in place ready to go if the trade tribunal found we had been injured by these dumped crops. The trade tribunal, however, did not find we were injured, so there's no duty being applied on U.S. corn coming across the border now.

Mr. Alex Atamanenko: I remember that. Okay.

One of the reasons I wanted to get some clarification is that we have...and maybe also Mr. Smith, we could talk a little about the horticulture industry, apples and vegetables. We talked earlier on today about dumping apples in Canada, particularly Washington state apples in British Columbia. The B.C. fruit growers initially came up with an idea for a rapid response mechanism. In other words, for corn or apples or whatever is dumped, we slap on a tariff so at least our producers won't suffer right away. Another idea they're promoting is a minimum price, so in other words, any corn that comes across would have to have that same minimum price so that nobody here would suffer.

I would like to hear what your comments are on that, and also perhaps Mr. Smith's.

The other thing is that before NAFTA there used to be in-season tariffs for vegetables produced in British Columbia. That no longer exists. I imagine it was the same here, so maybe you can make a comment in the context of NAFTA. Is it working for our producers at that level?

Maybe I'll start there. Anybody else—Mr. Kamenz?—please feel free to join in if we still have time.

Mr. Dale Mountjoy: There's a very set timeframe for any and all anti-dumping countervail suits in Canada. When you initially put your brief forward, it has to be a fully completed brief that goes forward to the Canadian Border Services Agency. We did that in August 2005. They then had 90 days to come up with a preliminary judgment, so that took us to December. Then there's a six-month period after that to come up with the final judgment. That negates your quick duty applied when a fresh product especially, but corn as well, is coming across the border.

The other thing is that we feel the whole anti-dumping countervail situation in Canada is in severe jeopardy if we can have a 70% duty being collected by the preliminary judgment, yet we're not injured. So we feel that has put the whole industry in trouble for ever having the ability to bring forth a countervail anti-dumping suit again.

● (1410)

The Chair: Mr. Smith.

Mr. Arthur Smith: With regard to NAFTA and your comments about apples, I'm not going to comment on that. You've heard that this morning, and the apple people are the experts here, not me.

With regard to NAFTA and has it been good for the industry, yes or no, it's a bit of a mixed bag. We have the greenhouse vegetable industry, which is highly dependent upon trade into the United States. Their biggest problem over the last few years has been an increase in the Canadian dollar valuation. The bio-security on any fresh product going into the United States can be held up, and because it is fresh and is not a storable commodity, after a day at the border the crop is ruined. So this is huge, and the Americans play the way the Americans play.

For others, NAFTA has not worked out well. Our biggest concern, however, goes beyond NAFTA, and as we're into more and more global trading and the logistics of moving fresh fruit around the world have been overcome, you can have fresh product from anywhere around the world on our shelves within a 36- to 48-hour period. In China and India the labour wage is less than $1 a day, and we're paying $14, $15 and more per hour. In Peru—we've a lot of competition from Peruvian asparagus—it's $5 a day. Those are some of the issues, and I don't know how you get around that, trying to block anybody or anything at the border, quite frankly, when we live with this global trading, and the removal of the tariffs that happened in 1988-89 and beyond. So it is difficult.

Our biggest hurdle, quite frankly, is that we live in a high-cost-of-production society and are trying to compete with those who don't have the same regulations, don't have the same input costs, whose products are coming in here. To me, it's more of a food security issue and being able to feed ourselves. If we don't take care of that, we have a problem.

The Chair: Thank you.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thanks, Mr. Chair, and thanks to you folks for your presentations.

This is the last day of hearings on the road, so to speak. There'll be a few more in Ottawa, especially around the research area.

Looking back at APF 1—and certainly I was involved closely in terms of trying to implement that and the money—I'm worried from the standpoint that, again, the focus this time around will be safety nets, in part because for some reason in Canada we're always in crisis management. There were a lot of other pillars in the last APF that were never funded. They were there; they simply weren't funded. To a great extent, that's what happened in APF 1.

I want to refer a moment to George Brinkman. All of you folks will know of Mr. Brinkman. Yes, we had our differences many times, but I don't dispute his figures. He had this to say about the percentage of farm income from subsidies in Canada and the United States. I'll quote what he said: "As a percentage of income, Canadian government subsidies represent 116% of farm incomes...". In other words, we're not getting 100% of our money out of the market, or anything out of the market; it has all come from governments over the last number of years. The United States government subsidies represent only 37% of U.S. producers' farm income.

I don't disagree with those figures, but I do disagree with him in that I think U.S. farmers are subsidized in many other ways and we're simply not doing it right. I think in Geri's proposal he, to a great extent, mentioned it, as all of you did.

And as for Arthur's point about a Canada-wide school snack program. Why don't we do it? They have a school milk program in the United States, and I assume you're talking about a similar program. They fund food stamps.

We can do environment and a number of other areas. I don't know why we're paying all the costs on HACCP programs and on-farm food safety on the farms. It's for the consumers that we're doing it, but we sit back and take it and we pay it. The theory in the bureaucracy in Ottawa is, well, you simply transfer that on to the consumer. We all know in this room that doesn't happen; it can't.

What other areas should we be looking at, in terms of supporting farmers, that are GATT-green and not seen as subsidies, but at the same time, we're still going to have a farm safety net program there?

● (1415)

The Chair: Mr. Smith.

Mr. Arthur Smith: I'm going to speak on behalf of the fruit and vegetable industry. Our situation is considerably different from that of the grains sector, which is more commodity based.

One of the things we need to do in this country is promote our own. We need to be able to differentiate ourselves. Quite frankly, if you go to the store and buy a head of lettuce, do you really know where it's from? Does it look any different? They're the same. What does the consumer do? He buys according to his pocketbook.

We must create the value. Is that value in our environmental stewardship? Is it in a secure food system? What is that value? If we don't do it, we're not going to have a food system in this country, because we cannot, as growers—and I don't give a damn what commodity it is—continue to keep lowering the price for the benefit of the consumer.

Hon. Wayne Easter: As well, lowering the price based on different labour, environmental, pesticide, and farm safety standards elsewhere in the world. We're going out of business in this country, to a great extent, because of labour and environmental standards elsewhere and what they can utilize in products that we can't.

The Chair: Quickly, Mr. Smith, because Geri wants in on this as well.

Mr. Arthur Smith: I have one comment on that.

Wayne, you mentioned that the thought at the bureaucratic level in Ottawa was that you pass the price on to the consumer. We recently had a budget in this province, and they said the minimum wage is going from $8 to $10.25 in a three-year period. I don't know how anyone can live on $8. I don't know how anyone can live on $10.25. But I know that when we have a $1.2 billion to $1.3 billion industry and we add $100 million to our costs, our farmers are in deep, deep trouble.

The Chair: Mr. Kamenz.

Mr. Geri Kamenz: Thank you.

Just for the record, we need to be clear that George Brinkman's study numbers were referring to net farm income numbers.

● (1420)

Hon. Wayne Easter: Yes, that's right.

Mr. Geri Kamenz: It is a dismal reflection on Canadian agriculture when 116% of net farm income comes from the treasury. But it also points out, as you're suggesting, that there is a matrix of farm programs in the U.S. that the U.S. Farm Bill is only a part of. U. S. agricultural programming goes into every different department of the United States—the State Department or the White House in Washington. It is reflected in taxes, it is reflected in blending tax credit, etc. The focus is on business risk management because 116% of net farm income comes from the government treasury. And we have to have the business risk management tools in place in order to capitalize on market opportunities that you will develop through a branding initiative, through market differentiation, and through environmental types of initiatives.

Those represent, as you say, the greatest opportunity on a go-forward basis. Canadian producers want to be able to supply the Canadian marketplace, but our product is lost amongst the apples from China and the grapes from Chile and everything else. So that ability to differentiate yourself becomes so important.

But also, as I said earlier, we have to start adding value to all of those peripheral benefits that are also attached to the purchase decision. When a Canadian buys a Canadian food product, it is no longer just a food product they are buying; they're making an investment in the environment, they're making an investment in clean air, clean water, biodiversity, etc. And hopefully through programming, through the second round of the APF, we can start tackling some of those systemic problems.

The Chair: Thank you.

Mr. Devolin.

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thanks, Mr. Chair.

I've never had this many questions generated by one session. I have to focus, and I'm going to focus on the risk management program that the grain and oilseeds people have been talking about in Ontario.

I'm sure that Dale and Peter are supportive of it, but I want to ask Geri this. What is the OFA position on that proposal, and how widely do you see that being applied in Ontario?

Mr. Geri Kamenz: It has consumed probably most of my time through the winter months, because our position is that with 209 commodities in the province, we need sector-specific solutions that don't come at the expense or at the cost of another sector. So Art Smith is here, and horticulture and the tender fruit industry have developed a suite of programs that work for their producers, sector-specific solutions. Supply management is a sector-specific solution. The risk management program is the sector-specific solution for the grains and oilseed sector—totally behind it.

Mr. Barry Devolin: Okay.

Dale or Peter, yesterday when we were in Quebec, William Van Tassel, one of your colleagues, suggested that he thought that an RMP was coming in Ontario, and sometime this summer. Is that your understanding, that the Ontario government intends to introduce that? And if so, when?

Mr. Peter Tuinema: They haven't committed to it, but we're having some really positive discussions with the Ontario government over that kind of programming. They certainly haven't committed to it yet, but yes, that would be the flavour we're getting, that they're getting pretty close to announcing some kind of risk management program for Ontario grains and oilseeds.

Mr. Barry Devolin: Okay.

A year or so ago, when we in Ottawa were certainly getting a lot of pressure from grains and oilseeds producers in Ontario to move on this, that's what we were saying, that if this is an Ontario program it would have to come out of Toronto rather than Ottawa. So I'm glad to hear that something is imminent there.

Do I have a minute left?

The Chair: Yes.

Mr. Barry Devolin: Mr. Smith, I have a whole bunch of questions about food and quality food and nutritious food. I know in Ontario there are some different farm fresh initiatives taking place. I know in Durham region there's one, and I think there's another in the Kitchener area.

Getting back to risk management, is building those links within communities to sell more stuff very locally a risk management strategy for your sector?

Mr. Arthur Smith: Yes. Right now there's a tremendous effort and a lot of enthusiasm about buying local. We're catching this all the time. A few years ago it was organic. The organic made up a very small part of the overall market, and it's a niche market. Buying local brings an entirely different spin to it. There is more consumer awareness about buying local. There's more consumer awareness of the value of freshness. This is big for us, and it does provide us with a good opportunity right now.

As I said earlier, we are different from the grains and oilseeds sector because of that. We're not a commodity per se. It's not a stored product per se, so that does give us some opportunities here. The provincial government is also looking at that right now.

Thank you.

● (1425)

Mr. Barry Devolin: That's it.

The Chair: That's all? You still have a minute left.

Mr. Barry Devolin: Well, you said there was a minute a minute ago.

The Chair: Well, you have two and a half seconds.

Mr. Barry Devolin: Maybe someone else has another comment.

Yes.

Mr. Arthur Smith: I want to make another comment, if I can.

I talked about the school project, the school snack program. We had lobbied for this for quite some time. Schools currently have sales of pop and candy bars, and this sort of food. A can of pop is what, $1.25, $1.50? A candy bar is $1. We're putting food into the schools, fresh snacks, delivered, at 40¢. The kids love them.

We're currently working up in the Temiskaming area. They don't get fresh vegetables. I had a call from a radio station, and they asked how we were going to get them to eat the broccoli and the cauliflower flowerets, and I said, “No problem”. I was going to say we were going to give them Ontario wine to go with them, but it could have gone on the radio.

It's been hugely successful. They're just tickled pink with it. That's the cost-effectiveness of it. I think that when people come and say it's going to be too expensive, we just need to look at the comparison.

The Chair: Thank you.

Just as a point of interest, in the high school where my girls go to school, they've banned the pop machines and put all juices and milk in there, and there are no more candy bars in the cafeteria. For a couple of bucks they can have a nice big fresh salad and a bowl of soup every day, and that's what our kids like to do. And it looks pretty good.

Mr. Hubbard, you're on.

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

We have a lot of experience around the table. I just said to Mr. Easter a few minutes ago, looking at the presentations, that I'm not sure how we're going to describe them.

If we go back, free trade was a big thing that happened here in the late 1980s. Was there ever a better time for agriculture than there is right now? If there was, when was it?

The second question I have is whether we have too many programs. In terms of your industry, how much time do you as a farmer spend answering programs? If you put that time into dollars, is it productive for you? Somebody already said that, frankly, most of the profits made in agriculture in Canada come from one level of government or another; they're not made from sales.

I have just those two questions, Mr. Chair. I'd like to know if there was a time. I think 1983 was a good year. We were all happy then. Was it 1976? It seems as though free trade has been a big part of all the hearings we've had. The WTO and the old GATT, which was before the WTO, seem to have really put a tremendous burden on the future of Canadian agriculture.

Arthur.

The Chair: I have Geri first, actually, and then Peter and then Arthur.

Hon. Charles Hubbard: It's Geri.

I'm sorry; you're the chair.

Mr. Geri Kamenz: Thank you, Mr. Chairman.

George Brinkman's numbers will support that 1971, 1972, and 1973 were the best years Canadian agriculture ever had, the days when you could buy an acre of land for a tonne of corn. The reality we're in today is a different reality. We're struggling to put together the tools we need to make the most of the challenges and the opportunities in the marketplace today.

The Chair: Peter.

Mr. Peter Tuinema: Yes, Geri addressed when the good times were. This could be a good time, right now. There are a lot of opportunities, but there are many things distorting the opportunities. The U.S. Farm Bill is one thing that is taking some of those opportunities away.

Secondly, you ask if there are too many programs. There are only two programs: CAIS and production insurance. All of the other programs are ad hoc programs. You go back through the time since those two programs came in, and there have probably been two hands' worth of programs, but they've all been ad hoc programs.

There are two programs right now, but what that's telling you is that those programs really aren't addressing the need, and you maybe need a few more permanent programs in place that are predictable and bankable rather than this hodgepodge of ad hoc programs that aren't addressing the need.

● (1430)

The Chair: Mr. Smith.

Mr. Arthur Smith: Geri's comment said 1971 to 1973, and I was going to say the early seventies—not that I'm so old as to remember it, but I hear that. But the seventies were good.

It wasn't just trade, either. I mentioned earlier global trading. You didn't worry, if it was grain production in Brazil or whatever, about the subsidization. I became involved in the grape industry in the early 1980s. That was the first time I'd ever heard about subsidies. It was happening in Europe, and happening to a large degree in the wine industry. It had a very negative impact on the farmers here in this country.

The logistics of transporting fruit or vegetables has changed. When I was a kid, when I was in university, proximity to market meant everything. Today it doesn't. We need to find something else to replace that, and that's where differentiation comes in.

The seventies were good years.

Hon. Charles Hubbard: I only want, Mr. Chair, to thank the witnesses very much. It certainly has been a great experience. I've travelled all across the country. Some of us have been here twice now with different committees.

I know the chair will certainly be working with the researchers. What you get from our work is not what will be done, but rather what we as parliamentarians will present to Parliament. Then you have to deal with the bureaucrats, and quite often they're there longer than we are. Hopefully they will take our suggestions, but there's no guarantee that they're going to do as we say or do as we think they should do.

Thank you very much.

The Chair: We'll definitely make our recommendations to the House of Commons and let government consider them in the APF deliberations.

I have a couple of questions.

A couple of times today it's come out that nobody wants ad hoc payments; you guys don't like ad hoc programs. I'm a cattle producer, and I know that during the BSE crisis some of those ad hoc payments came in a timely manner and in a much-needed manner.

In some of what we heard this morning it was said that CAIS doesn't address the need and that CAIS and all the other hodge-podge programs that are out there, which are pretty much permanent types of programs, don't flow in a timely manner, maybe with the exception of production insurance.

I know from historical fact that when there have been droughts and there have been acreage payments, they got out to the farmers quickly. They addressed the need that was out there and were delivered very efficiently. Not a lot of administration eats up those ad hoc programs, so I'm wondering why there is such a dislike for ad hoc programs that can be delivered in such a timely manner.

I'll ask Mr. Smith, then Mr. Tuinema, and then Mr. Mountjoy.

Mr. Arthur Smith: I hope you didn't misconstrue any of my comments as saying we don't like ad hoc programs. Good bankable programs are very important. But what we have done in the last 15 to 20 years in this country is concentrate on safety net programs, and we have missed, in my opinion, a bigger mark, which is the marketplace. How do we derive more dollars out of the marketplace? That's where we need to focus more attention.

Ad hoc programs will always be an essential part of it. Safety net programs will always be an essential part, because there will be times when the market falls out and you're going to need them. At the same time, we need to focus on where we can get our money—not from the taxpayer but from the market.

The Chair: Mr. Tuinema.

Mr. Peter Tuinema: I commented earlier that there are two national programs now. There's a third one being proposed by the federal government to address disasters. That program's being set up to deal with things like BSE or natural occurrences that really are disasters. In other words, producers are going to have the comfort that if they get to that situation, there's going to be probably even a better mechanism than the ad hoc dollars that came out under the BSE crisis.

None of those three programs is going to deal with regional differences. Everybody has talked about the diversity of the country, how many different products there are, and how even regions with the same products are very different. We really need that extra level, which is dollars that have regional flexibility so that we can adapt to some of those things—not ad hoc, but in place so that we can adapt to grain prices in Ontario or some kind of issue in eastern or western Canada.

● (1435)

The Chair: Mr. Mountjoy.

Mr. Dale Mountjoy: Peter covered a bit of it, but the comment I wanted to make is, yes, the ad hoc program in the beef industry was very helpful in that time of disaster. If the new disaster component program covers that sort of thing, that's great.

When you have to have, as Peter mentioned a couple of questions ago, several ad hoc programs in a row to cover an income crisis, then it's time for a permanent program.

The Chair: Geri.

Mr. Geri Kamenz: Just to be clear, Mr. Chairman, no one on the panel this afternoon said we didn't want ad hoc programs. We said we want long-term programs that bring predictability to an industry that in Canada is carrying in excess of $46 billion of debt and in Ontario employs 755,000 people.

Ad hoc is what we have lived on. Every cent of it has been targeted and been much appreciated. But we're saying that when you look at the dynamics of that industry provincially and nationally and recognize how many people's livelihoods depend on a stable agricultural sector, we need to do better and we need to commit ourselves to predictable, bankable, long-term agricultural business risk management tools.

The Chair: The interesting thing we heard here in committee back in Ottawa when we had the Canadian Bankers Association in is that they said they were going to continue to stand by our farmers because they know the government is going to continue to prop the farmers up. And I'm one of those farmers. So I guess we can say that all farm programs are bankable, because the bankers are saying that as long as the government is going to be putting money in, it's a bankable program because they're going to be providing credit.

Mr. Geri Kamenz: If I may, Mr. Chairman, I think everybody—and I'm sure you heard this at all of your committee hearings—knows the problem in our industry is that there are a lot of people with a lot of grey hair, and it's not us we have to worry about. You need to bring predictability into that next generation as they are doing these leveraged buyouts, because ultimately you and I would like to retire at some point. We need to withdraw some equity out of the business. They're going to be carrying a greater level of debt than we did.

And as much as our bankers have developed a relationship with us over the last quarter century, they do not have a relationship with my kids or your kids, and there needs to be predictability in order to build that relationship. That's what we're suggesting.

If I may, I heard this the other day, and it's applicable to agriculture. It would be one hell of a legacy to leave to the future if at some point we found ourselves being dependent on imports because we were too cheap to do the right thing here and now.

The Chair: Mr. Davis, we were talking about alternative revenue streams for farmers and making sure that we get paid for the environmental good, the public good—the stewardship services that we provide. Have you heard of the ALUS program, the alternative land use services, that is being promoted out on the Prairies and even in the Maritimes now? I believe it has been talked about here in Ontario as well.

Mr. Larry Davis: Yes, I'm familiar with it. There is a program they're trying to get started in Norfolk county here in Ontario.

It's a good program. It takes money from the organizations that the public supports and puts money into those programs, and then those programs basically come back and say to farmers, we'll support you to maybe not farm, and do this on this land over here and maybe not farm. That's okay if we don't need food and products in Ontario.

The Chair: I don't think they're saying not to farm it. If you're in a watershed, for example, putting in more buffer zones, pulse grazing—things like that.

Mr. Larry Davis: Taking land out of production.

The Chair: Maybe not entirely, but definitely a reduction. It might not be cultivated. It might go into livestock or something like that.

Mr. Larry Davis: That's correct. And that's all well and good, and as I said earlier in my comments as well, a lot of the best land that we could farm on is into the monoculture of houses.

The Chair: Yes. And actually, I think if you look at the numbers, the biggest land erosion happening in Canada is urban sprawl.

Mr. Larry Davis: That's right.

The Chair: This is wrapping up our hearings.

We've gone right across Canada. We kicked it off last Monday in Penticton and we're wrapping it up here this afternoon. We've been in nine provinces.

We heard from organizations and individuals from 10 provinces. Over 100 witnesses have appeared, and it's actually more than that when you add in all the individuals and duplications per organization. And we've had over 40 hours of hearings in two weeks, and then all that travelling on top of it.

It's been a long two weeks but it's been very productive. I think we've collected a lot of great information and I want to thank everybody for participating and helping us out with this study.

● (1440)

Hon. Wayne Easter: So would the researchers have the report ready on Monday do you think?

The Chair: Wake up.

Anyway, I want to thank everyone.

We do have a plane to catch to get back to Ottawa, for those of us who are heading back.

The meeting is adjourned.

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