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Thursday, March 26, 2009

—
Chair

Mr. Larry Miller

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•(1145)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I call the meeting to order.

Thanks very much to the witnesses today. We did have one witness unable to attend at the last minute. But we do have Mr. Morrison and Mr. MacDonald here from the Prince Edward Island Cattle Producers. Thank you for coming here to Ottawa to meet with the committee.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Mr. Chair, I'd like to raise a point of order.

The Chair: Okay, but perhaps I'll just finish. I'll come back to you.

Some witnesses are going to join us by video. I guess they took a brief rest while we were voting. I do apologize for starting late, but when the votes come, there's nothing members can do about it.

Over to your point of order.

Mr. Pierre Lemieux: Thank you very much, Mr. Chair.

I apologize to the witnesses who are here; however, it's an important point of order.

Yesterday the Subcommittee on Food Safety held its first meeting, and this committee needs to address what happened there. Let me start by reading a letter from a subcommittee member, David Anderson, who was at the committee yesterday.

I'd like this read into the record. That's why I'm going to read it. He says:

As a member of the food safety subcommittee, I am very concerned over the activities of the first meeting of the subcommittee on March 25.

The opposition proposed an unproductive amendment, which was ruled out of order. The amendment seemed to expand the activities of the subcommittee outside of the mandate given it by the Standing Committee on Agriculture and Agri-Food—

Hon. Wayne Easter (Malpeque, Lib.): What is your point of order?

Mr. Pierre Lemieux: I have the floor on a point of order, Mr. Chair. He can wait.

Hon. Wayne Easter: It's not a point of order—

Mr. Pierre Lemieux: It is a point of order. I'm going to be getting to it.

Hon. Wayne Easter: Ask the clerk to rule.

The Chair: You are just reading your point of order; it's just what you're leading to.

Mr. Pierre Lemieux: I'm going to be getting into it. Marleau and Montpetit will be coming.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Why don't you just table the document?

Mr. Pierre Lemieux: It's not in both official languages.

The Chair: Continue. I want to hear a little more before—

Mr. Pierre Lemieux: Thank you.

He says:

The opposition then indicated that they were likely to bring a similar, if not identical, motion to the subcommittee in the future. It seems that this motion would take the subcommittee outside its mandate. This is not allowed by *House of Commons Procedure and Practice*.

This is where we're getting into the point of order.

The opposition proposal would also divide hearings into two sections, with meetings dragging on until December 2009. It was not the standing committee's intent that the subcommittee go on throughout the entire year before completing its report. The timeframe proposed by the opposition would have the final report delayed until December of 2009. Clearly this is too serious an issue to be left incomplete and unresolved.

He goes on:

I understand that often committee activity is meant to generate partisan results, but this deliberate attempt to hijack the agenda by the opposition disrespects the families who have been impacted by food safety issues. The conduct by the opposition disrespects members of Parliament and it ensures that the issue of food safety will not be dealt with seriously, but rather in a strictly partisan manner, and I'm asking that the Standing Committee on Agriculture and Agri-Food review its intent and clarify the subcommittee's mandate.

Sincerely, David Anderson.

Chair, let me just explain some of this. Marleau and Montpetit is very clear that subcommittees are creatures of the parent committee. Let me quote:

Sub-committees are to committees what committees are to the House; the parent body is relieved of a portion of its workload by delegating some part of its mandate or a particular task to a smaller group. Committees may establish sub-committees only if they have been empowered to do so. The House has, on occasion, established a sub-committee directly or ordered that a particular study be carried out by a sub-committee.

This explanation is clear. The subcommittee was established to do a task that this committee did not have time to do, namely examine food safety issues. When the government members arrived at the subcommittee yesterday, they expected that this is what they would do: establish a timeline for the subcommittee to study food safety. Mr. Anderson proposed a motion establishing dates for witnesses to testify, which is exactly the purpose of establishing the subcommittee.

Marleau and Montpetit goes on to say, and I quote:

Proceedings in sub-committees are of an informal, collegial nature.

Unfortunately, Chair, the opposition members immediately introduced a poisoned pill amendment, which they admitted during debate was a trick meant to poison the well and destroy goodwill.

Surely, this was not the intention of the committee. In fact, in reading the section on the mandate of subcommittees, Marleau and Montpetit gives further clarification, and Mr. Chair, I quote:

Sub-committees receive their mandate in the order of reference adopted by the main committee. By practice, certain sub-committees are struck in every session and continue in operation until the end of the session: for example, the subcommittee on agenda and procedure and sub-committees charged with the responsibility for a specific aspect of the committee's overall mandate. Sub-committees may also be formed to carry out a specific study; such sub-committees cease to exist once they have made their final report to the main committee. If their work is interrupted by prorogation, the main committee may decide to revive the sub-committee in the subsequent session.

This is an important point.

Sub-committees possess only those powers which are conferred on them by the main committee. Sub-committees to which part of a committee's permanent mandate is delegated, or those undertaking special studies, are usually given the full powers of the main committee. Where the House accords additional powers to a standing committee by special order, these powers may be accorded to sub-committees by the main committee. Special committees may delegate to a sub-committee any of the powers granted to them in the order of reference, including the power to travel or special broadcasting powers. However, sub-committees are restricted from reporting directly to the House.

—which we discussed earlier—

Depending on the purpose for which it is established, a sub-committee may be given a more restricted list of powers than that possessed by the main committee. Sub-committees on agenda and procedure, as their function is only to plan the work of the main committee, are not ordinarily given powers with respect to the summoning of witnesses or sending for documents.

Where a sub-committee requires additional powers, it may put its request in the form of a report to the main committee.

That would be us.

If the powers sought are beyond those that the main committee can delegate, the main committee may request them in a report to the House, or the House may adopt a motion granting them directly.

Mr. Chair, the section I just read from Marleau and Montpetit raises several questions that this committee, as the parent committee, must consider in light of what the opposition members did yesterday.

• (1150)

Firstly, it is clear that the mandate of the subcommittee is established by the parent committee, this committee. We did that, Mr. Chair, when we passed the motion to create the subcommittee. Let me just read that motion into the record to remind everyone of what we passed here at the parent committee:

That, given the Listeriosis crisis that occurred last summer, the Standing Committee on Agriculture and Agri-Food establish a Subcommittee on Food Safety; and that the members of the subcommittee be named after the usual

consultations with the Whips; the composition of the Sub-Committee be proportionally the same as that of the Standing Committee on Agriculture and Agri-Food with the Chair being a member of the government, and that the subcommittee be granted all of the powers of the Committee pursuant to Standing Order 108(1) except the power to report directly to the House.

Chair, this motion clearly states that the mandate of the subcommittee is food safety. We had a motion and it was passed.

However, Mr. Allen introduced an amendment that would clearly change the mandate of the subcommittee from a study on food safety to a political, partisan witch hunt on listeria, and obviously that is not the intent of this committee because that is not the motion we passed.

Mr. Anderson challenged that point and the chair correctly ruled it was out of order. However, Mr. Anderson did suggest a compromise to the subcommittee, namely—

Hon. Wayne Easter: A point of order. This information—

The Chair: What is your point of order?

Hon. Wayne Easter: My point of order is this. The chair first ruled the motion was in order and then he changed his mind and ruled it was out of order. We will be questioning that ruling at some point.

The Chair: I just want to put—

Hon. Wayne Easter: I just don't want the parliamentary secretary to put too much more misinformation on the record. He already has enough misinformation in his initial statement.

The Chair: I just want to point out that if anyone will read the blues from yesterday's meeting, they will find you're right, Mr. Easter, that I did rule it in order at the start until I had the main motion, which I didn't have for information. Once I got that, it was very clear.

Hon. Wayne Easter: Are you sure the PMO never contacted you in the meantime?

The Chair: Am I sure of what?

Hon. Wayne Easter: That the Prime Minister's Office never contacted you to give you directions?

The Chair: I'm just going to disregard that remark.

Do you have a point of order?

Hon. Mark Eyking: My point of order, in all due respect, Mr. Chair, is that we have witnesses from Nova Scotia who travelled to get here. I know we had a vote, but I think we should leave this to the end. We have witnesses here from P.E.I. There are witnesses sitting on deck from Nova Scotia. I think it shows disrespect to them.

If we may, Chair, let's move on with the witnesses and maybe we can deal with this at the end.

The Chair: It's not a point of order, Mr. Eyking.

Hon. Mark Eyking: It's a suggestion.

The Chair: Do you have a point of order, Ms. Bonsant?

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): I have a point of order, Mr. Chair.

We are debating a motion that we do not even have before us. Perhaps the motion has been amended, but I do not have it, it has not been tabled. I do not understand why the parliamentary secretary is wasting our time and the witnesses' time. They did not come here for that. I would like people to stop wasting our time so that we can move to the real business.

[English]

The Chair: Ms. Bonsant, that is not a point of order. He is speaking to something that happened at the subcommittee yesterday, which is the responsibility of this committee.

• (1155)

[Translation]

Ms. France Bonsant: I agree, but it has not been tabled.

[English]

Mr. Pierre Lemieux: Thank you, Chair. That's exactly the point I was going to make. The subcommittee is the creature of the parent committee. We are the parent committee. Yesterday, the opposition members, Chair, drove the subcommittee off the rails and tried to change its mandate without submitting a report to the parent committee—all of us here—to change its mandate. This is of grave concern, and this is exactly what I'm addressing today.

I apologize to the witnesses for making them wait, but it's the opposition members who triggered all of this yesterday. If they had just proceeded with the mandate as it had been established here, none of this would be necessary. I say to them that they have to explain to the witnesses why they derailed the food safety subcommittee yesterday.

Let me just finish, Chair. I have a couple of other comments to make.

Mr. Anderson yesterday suggested a compromise to the subcommittee, namely that the subcommittee report back to this parent committee and ask for direction in changing its mandate, which is what it should have done. Unfortunately, the opposition disagreed. Mr. Allen stated his clear intention to introduce a new motion at the subcommittee that would change the mandate of the subcommittee. Clearly, Chair, this is a violation of the mandate that we, the parent committee, gave to the subcommittee.

Additionally, Mr. Chair, the shenanigans of the opposition went further yesterday, against the will of the parent committee and what is clearly stated in Marleau and Montpetit. Once again I quote: "Subcommittees possess only those powers which are conferred on them by the main committee."

Mr. Chair, clearly Mr. Allen's intent was to expand the powers or change the powers of the subcommittee beyond what was conferred by the main committee. This was clear, because the opposition wished to expand the subcommittee meetings into the fall and winter. Clearly, that is beyond the power of this current committee, as anything may happen after the summer recess concludes. The whips may wish to reconstitute the standing committees of the House and start from scratch. We would have a situation where there is no parent committee, but we have a subcommittee that is suddenly rogue. It would answer to no one and would have no formal powers under the Standing Orders.

Mr. Chair, this is unacceptable. That is why Mr. Anderson made a very reasonable proposal yesterday to the subcommittee. He rightly suggested that the subcommittee prepare a report to this committee—the main committee, the parent committee—asking for clarification and direction on its mandate. Obviously the opposition is too wrapped up in playing their political games to do this.

So, Chair, I would request that as the chair of the Standing Committee on Agriculture and Agri-Food, you instruct the members of the Subcommittee on Food Safety that they must come back to this committee for guidance, if they want to seek clarification on their mandate. However, if the subcommittee will not accept such direction from you, Mr. Chair, then at the next committee meeting I will propose a motion that this committee instruct the subcommittee to stay within its mandate as passed by this committee and to come back to this committee for further guidance.

I'm just giving a notice of motion, Chair, that I believe this is the best course of action to put the subcommittee back onto the rails, within its mandate. The opposition took liberties yesterday that derailed that subcommittee, and it's very unfortunate.

Thank you, Mr. Chair.

The Chair: I'm going to review the blues and I'll speak to this issue at the next agriculture meeting. You mentioned the subcommittee. We meet later next Tuesday, and that will come up there.

Mr. Easter, I have a list. It's been brought up by Mr. Eyking and Ms. Bonsant to go to our witnesses, but I have five people on the speakers list. The choice is yours; you are the first one on the list.

Hon. Wayne Easter: I want to argue your point, Mr. Chair. Your biases are starting to show as a chair, first of all. Second, you allowed the parliamentary secretary to make his arguments when we wanted to go to the witnesses. You can't change your mind mid-stream, because his point has to be refuted.

The Chair: I'm asking, Mr. Easter. I didn't—

Hon. Wayne Easter: Well, don't blame it on us, Mr. Chair. Don't blame it on us, as you're trying to do.

The Chair: I'm not.... Nobody's blaming it on anybody.

Hon. Wayne Easter: You are.

The Chair: You're out of order.

Hon. Wayne Easter: Am I on for the point of order or not?

The Chair: You are. Do you want to speak or not? The choice is yours.

Hon. Wayne Easter: Okay. I'm going to speak.

The Chair: Okay.

Hon. Wayne Easter: Mr. Chair, the remarks made by the parliamentary secretary are clearly wrong. First, he tried to justify Mr. Anderson's points yesterday at the subcommittee meeting, which was nothing more than a filibuster by the government in that it does not want to deal with the food safety issue.

The parliamentary secretary is right on this point—and I don't have the motion before me; I saw it a moment ago. It was that the standing committee would set up a subcommittee on food safety. We did that.

The fact of the matter, Mr. Chair, is that Mr. Anderson's motion was on the table and being debated. The parliamentary secretary said that Mr. Allen had a motion on the floor. He did not. You ruled the amendment he made out of order. So Mr. Allen's motion that the parliamentary secretary is speaking to was not even on the floor. He may have, in fact, seen a copy.

In my view, Malcolm Allen's motion, the NDP motion, was in fact on the topic of the Subcommittee on Food Safety, in that it basically was laying out a schedule for us to deal appropriately with the food safety issue, including the issue of listeriosis.

• (1200)

The Chair: Just on that point, Mr. Easter, the reason—and the only reason—the motion was ruled out of order, because first of all it was a motion and not an amendment, was the fact that, contrary to what you just said, it eliminated—clearly eliminated—the part about food safety and stuck to listeriosis. So let's be clear on that.

Hon. Wayne Easter: Mr. Chair, Mr. Allen's motion wasn't even in fact being debated. You saw a copy of which I'm sure—

The Chair: No, I just clarified why it was ruled out of order.

Hon. Wayne Easter: Okay, that's fine. But the committee, the subcommittee, in its own wisdom, could easily have amended Mr. Allen's motion, as we tried to amend the government's motion, that listeriosis be the first part and food safety—we could have amended it that way—was, in fact, included.

I am just making the argument, Mr. Chair, that I believe very firmly that in the subcommittee's discussion of yesterday, which was filibustered by the parliamentary secretary, the amendment coming forward was in fact on food safety and dealt within the mandate of this committee.

The Chair: I've already ruled on that and it absolutely did not.

Hon. Wayne Easter: Mr. Chair, you ruled on the fact of the amendment to the motion. You ruled on that, and we may challenge that ruling at some point in time—

The Chair: It's your privilege.

Hon. Wayne Easter: —but if we had gone ahead and voted on Mr. Anderson's motion, as we should have done, we then would have had a new motion on the floor, which itself could have been amended.

In fact, does anybody in this room believe listeriosis is not a food safety issue? Is that what the parliamentary secretary is trying to argue, that listeriosis is not a food safety issue? Of course, Mr. Allen's motion made the point on listeriosis, because if you go back to the discussion and you go back to the original motion that was made at committee, it started with the “whereas” by talking about listeriosis. So it in fact had to be part of the discussion.

The bottom line, in terms of my argument, Mr. Chair, is this. We believe, number one, the subcommittee should have got started a lot faster than it did. Why the delay happened, I do not know. We know that on the schedule at the moment there are seven potential meetings, if we get started right away. We know there are 47 potential witnesses. The food safety issue is a huge, broad issue. We believe it can't be done by the end of June, so it could be scheduled into the fall. We'll do the best we can to get it done by spring, but I

think the schedule, as laid out yesterday, was an opportunity for us to go ahead and do our work on food safety.

The Chair: I have Mr. Eyking next.

Hon. Mark Eyking: Mr. Chair, I've been here eight years and I know what protocol is all about, but I think what happened yesterday is very sad in the way it happened. It's food safety, and listeriosis is part of it. But the government has taken a position, and our critic has taken a position; I think we should move on to the witnesses now, or tell the witnesses to go home, because this is not fair. This is a bad reflection on our committee. My suggestion to you, Chair, is that we allow the witnesses to make their presentations and move on with this meeting.

• (1205)

The Chair: I asked that before I went to my speakers list. To be fair, Mr. Eyking, if I'm going to allow some to speak, I have to allow the names that I have on it.

Mr. Storseth, is there a point of order?

Mr. Brian Storseth (Westlock—St. Paul, CPC): I have a point of order. I didn't catch all that Mr. Eyking said. Was it a motion that Mr. Eyking made, or is he just making a suggestion?

Hon. Mark Eyking: I can make a motion, if that allows us to move on.

The Chair: I guess you can move that verbal motion.

Mr. Brian Storseth: I'll support it.

The Chair: All in favour of the motion, please signify.

(Motion agreed to)

The Chair: I should note that joining us by videoconference are Mr. Henry Vissers, executive director of the Nova Scotia Federation of Agriculture, and Mr. John Tilley, vice-chair of the Nova Scotia Cattle Producers.

Thank you for joining us, gentlemen.

We'll move on to Mr. Cameron MacDonald and Mr. Brian Morrison of the Prince Island Cattle Producers Board for 10 minutes in total, please.

Mr. Cameron MacDonald (Past Chair, Prince Edward Island Cattle Producers): Thank you.

Good morning, ladies and gentlemen, members of the Standing Committee on Agriculture and Agri-Food. We'd like to thank the Honourable Wayne Easter for inviting us here today. My name is Cameron MacDonald. I'm the past chair of the Prince Edward Island Cattle Producers. My colleague is Brian Morrison, a current director of the PEICP.

Our organization represents 450 beef producers in P.E.I. However, today we're also representing the Maritime Beef Council, which is made up of the three beef cattle organizations from Prince Edward Island, Nova Scotia, and New Brunswick.

In the past month we have been busy trying to impress upon our governments the importance of the beef industry to the economy of the Maritimes and the Canadian economy. Beef production is a critical part of agriculture, because it is vital to crop rotation, its manure byproduct is a natural fertilizer, and beef cattle consume excess feed grains, potato byproducts, and forages. Without beef production, all other agriculture is at risk. It makes valuable use of marginal land and converts forage to a valuable product. Beef production contributed \$18.8 billion to the Canadian economy in 2008.

Beef cattle production in the Maritimes has severely declined in the past few years. Since 2007, beef cattle finishing has declined 8% each year. The same occurred in the cow-calf production. Comparably, the number of producers in 2007 in P.E.I. was 650. In 2009 this number is estimated to fall as low as 350, a decline of 53%. This decline is having a noticeable effect on the Atlantic Beef Products Inc. plant in P.E.I., the Maritimes' only federally inspected beef plant. Atlantic Beef Products are currently experiencing difficulties sourcing enough cattle to meet their requirements.

In the years since BSE in May 2003, our industry has suffered significant financial losses. The price pre-BSE was as high as \$1.94 per pound, dressed weight. Over the past year this price has averaged \$1.54. The price is set by Atlantic Beef Products and is based on the Ontario price minus 9¢ per pound. This places Maritimes producers at an immediate disadvantage to other Canadian producers.

Beef production in the Maritimes is very different from that in western Canada. For example, animals in the Maritimes are housed indoors in the winter months, adding extra costs for manure handling and feed storage requirements. Maritime provinces also pay some of the highest electricity costs in Canada. Another example is that by the time the Maritimes cattle go to market, they're traditionally older than those in western and central Canada. This also means we have higher production costs and less cashflow.

Because of these factors we cannot overstate the importance of recognizing regional differences.

Mr. Brian Morrison (Director, Prince Edward Island Cattle Producers): We have had several opportunities to meet with government officials. On October 21, 2008, the Maritime Beef Council met in Halifax with three maritime ministers. A meeting with the P.E.I. Cattle Producers and the Hon. Gail Shea resulted in a meeting with the Hon. Gerry Ritz in Ottawa. During this meeting, Mr. Ritz assigned a staff person, Dustin Pike, to be a direct link between the maritime groups and the minister's office, and he agreed to visit the Maritimes to meet with our commodity groups for all three maritime provinces. This was a historical meeting. In attendance were representatives from the three beef associations, the three hog associations, the Atlantic Grains Council, and the three federations of agriculture. Also present were three maritime ministers of agriculture.

From this meeting, the maritime red meat and feed grain working group was created. Its first meeting was held on March 10, 2009,

during which two priorities were identified. The first was to find resources to ensure the working group could carry out all its responsibilities. The second was to undertake a study of the strategic plans from the three maritime beef, hog, and grains industries. This study will be used to develop a plan for the maritime red meat industry. It will also help identify similarities and differences that will be used to develop future programs.

Other elements of the study will identify the need for market infrastructure and brand development funding. This funding will be used to develop a maritime brand to market beef and pork and develop value-added products. However, the group unanimously agreed there is urgent need for transitional money to help producers survive until the long-term plan is in place.

Two proposals for transitional funding, one for beef and another for hogs, have already been presented to both levels of government. Under the beef program, called growth and sustainability, the object is to pay producers 40% of their eligible net sales over a five-year period. An additional 17% per year of annual net sales could be targeted towards capital investments for breeding stock, buildings, machinery, pasture management, and environmental goods and services.

There are many other issues impacting beef production profitability in the Maritimes. An advance payment program, which designated 2008 as severe economic hardship, has returned to normal standards of advancing. We welcome that the payments for livestock for 2008 have been deferred until September 30, 2010. However, this does not resolve the working capital deficiencies our producers are experiencing for 2009 and moving forward.

Therefore, we request to release the livestock that has been assigned as security for the 2008 production year to enable producers to receive advances on this livestock for 2009 production. As well, we request the advances for 2008 be set aside so that they do not impact on the 2009 maximum limit of \$400,000.

Debt restructuring is another challenge facing our producers. There is an urgent need for a guaranteed low interest loan program to help producers manage their debt. In some isolated cases, producers have reported extreme difficulty when dealing with Farm Credit Canada. They report Farm Credit is often more difficult to deal with than the regular banking system. This is unfortunate, considering Farm Credit is the federal government's primary agriculture lending agency. Also, other producers who have gone through receivership are facing unexpected bills from Revenue Canada as their written-off debt is considered income. Revenue Canada needs to address this issue and find a way to resolve it, immediately.

• (1210)

Mr. Cameron MacDonald: There are challenges for other sectors of our industry. The \$50 million announced in the federal budget to strengthen slaughter capacity has caused frustration for many federally inspected plants, including Atlantic Beef Products, because the federal government is either unsure of or unwilling to release the details of this program. This is also the case with the \$500 million agriculture flexibility program. Without the parameters for these programs, opportunities to access this funding may be missed.

On the national scale, the beef cattle industry is facing challenges from its primary export market, the United States. The U.S. has implemented COOL, or country-of-origin labelling. This has created challenges for both the Canadian cattle and hog industries, which rely heavily on export.

COOL requires segregation of cattle before slaughter and labelling of beef after slaughter. This has created extra work for U.S. packers and uncertainty in the marketplace. As a result, many of them are refusing to accept live Canadian cattle.

Producers shipping live cattle to the U.S. are facing additional processing fees as a result of COOL, estimated at \$90 per head. In the Maritimes there is less dependency on U.S. slaughter to market our animals; however, some who relied on this market in the past are finding it less profitable to market their animals there.

The option to slaughter cattle in Canada also has its drawbacks. Canadian slaughter costs producers an estimated \$150 per head for fees and regulations, such as the handling of specified risk materials, something U.S. producers do not have to pay.

We would like to close by saying thank you for allowing us to present to you today and by restating that we are actively seeking solutions to help address the challenges we face by working together to develop a long-term plan for the maritime red meat industry. However, we need our governments to work with us to develop funding strategies that will preserve what we have left and to help restore our industries to the healthy and viable industries they once were.

Thank you.

• (1215)

The Chair: Thank you very much, gentlemen.

We will now move to Mr. Henry Vissers and Mr. John Tilley. You have about 10 minutes, please.

Mr. Henry Vissers (Executive Director, Nova Scotia Federation of Agriculture): Thank you.

My name is Henry Vissers. I'm the executive director of the Nova Scotia Federation of Agriculture. John Tilley wasn't able to make it today, but with me is Dave Oulton, the chair of the Nova Scotia Cattle Producers Association. We'll be sharing the address this morning.

I just want to extend our appreciation for the opportunity to meet with the standing committee today and to discuss the red meat sector in Nova Scotia and the Maritimes. You've already had a bit of an outline of the efforts being made and that it's a joint effort between different organizations to find a way forward for the industry.

To start, I just want to go over a few points about the Nova Scotia Federation of Agriculture—maybe a bit of a sales pitch.

Our mission is to ensure a competitive and sustainable future for agriculture and a high quality of rural life in Nova Scotia, through our goals of financial viability, ecologically sound practices, and social responsibility.

Our organization has existed since 1895. Today we have over 2,500 members in Nova Scotia. Our structure includes county federations and over 20 recognized commodity groups.

Agriculture in Nova Scotia employs over 15,000 people and is worth in excess of \$1 billion in economic activity to the province. Our farm gate sales exceed \$470 million a year.

The current situation as we see it in Nova Scotia is that because of support from the Government of Canada over the last 15 years, encouraging the red meat industry to expand and develop export markets, plus the favourable Canadian dollar relative to the U.S. dollar, there's been a rapid expansion of the red meat sector. Pork production, as you probably well know, soared to a point that over 50% of what we produce is exported, and beef production has kept pace with that effort.

At the same time as this rapid expansion was occurring, feed freight assistance was eliminated, which put the Maritimes at a further disadvantage. Therefore, the margins for livestock producers in the Maritimes became even tighter than during the days that feed freight assistance existed.

Maritime livestock production—beef, pork, and sheep—is mainly a domestic market. We produce far less in Nova Scotia than our consumption of all red meats.

In spite of that, the market establishes the price, and that price is based on a U.S. converted price. Nova Scotia red meat producers have been forced to produce meat for the Nova Scotia market at U.S. prices and to face all of the trade risks of exporting a large portion of the production. We face the same currency risk, disease risk, and tariff risk without any of the benefits of the higher profits other regions of Canada have enjoyed over the past number of years. Our margins over the last few years have been low—or negative for a number of those years. For the beef industry, this reflects back to the BSE fiasco mentioned in the prior presentation.

We're now facing the same kinds of challenges with COOL. Even though, as I said, Nova Scotia red meat exports are minimal and we produce less than 10% of our domestic consumption, our prices for both beef and pork have been discounted because of the restrictions on Canadian exports imposed by the U.S. COOL legislation. The Maritimes take a lot of their prices from the Ontario formula prices, so they're all U.S.-based prices converted to Canadian dollars. That's because of the nature of the marketplace and the limited number of retailers in Canada. So those are the prices our industry has been forced to take.

The two-year high value of the Canadian dollar, the high grain prices, and the low meat prices have put our industry on its knees. In Nova Scotia in 2009, we project that hog production will virtually disappear. At one point we had between 150 and 200 producers marketing 220,000 hogs a year to two federally inspected plants, plus a couple of provincially inspected plants. This year we're now down to 13 producers producing 10,000 market hogs and 60,000 early wean pigs, some of which were going to the U.S. but are now being shifted to or marketed to Quebec and Ontario. We feel that the beef industry is a year or so behind what happened with pork producers, and without some quick action, we're going to see the same kind of result we did with the pork industry.

I'm going to turn it over to Dave now to provide some highlights on beef production in Nova Scotia.

● (1220)

Mr. David Oulton (Chair of the Nova Scotia Cattle Producers Association, Nova Scotia Federation of Agriculture): I'll add what I can here, fellows. In particular, the Nova Scotia beef industry still suffers from various bans that were implemented as a response to the appearance of BSE in western Canada back in May of 2003. Most of the Canadian beef industry experienced a sharp drop in price as well as the collapse of the equity in cowherds. Nova Scotia beef producers—in fact, all maritime beef producers—experienced that drop in price, the collapse in equity, and more. The Maritimes became the place to get rid of embargoed supplies of beef, embargoed because they couldn't move into the U.S. market.

That has changed, but profitability still hasn't come back to our marketplace. An industry already struggling to survive the brutal combination of economic forces—discounted cattle prices and increasing costs of production—found prices for cattle driven further down as we began the race to the bottom. How difficult it has been to stand by and watch producers contract and then abandon production in response to the ravages of the post-BSE era.

Cattle numbers in Nova Scotia have dropped from more than 30,000 in the late 1990s to around 23,000 today. That's a drop of

one-third. Clearly, the beef industry is in crisis. As Henry has suggested, the pork industry may simply be the first red meat to collapse, and beef is not all that far behind. All the economic multipliers and economic advantages are being lost to our local economy.

Yet the industry struggles to find a way forward—something consistent with our values and reflective of the Maritimes' streak of stubborn determination. For more than a year, the Nova Scotia beef industry has been working to reposition itself and to find a way forward within our history and among our producers and partners, a plan or strategy that will again create profitability and sustainability that were the essence of agriculture in Nova Scotia and the Maritimes not that long ago.

Who would ever have imagined Nova Scotia, P.E.I., or New Brunswick without a pork and beef industry? That is the reality facing our producers every day. Without change, assistance, and direction from our government, a centuries-old agricultural way of life will evolve into irrelevance and disappear.

Mr. Henry Vissers: The Province of Nova Scotia has recently started talking about the five capitals: financial, built, natural, human, and social capitals. We risk losing much of this capital as it relates to the farm community in Nova Scotia.

When we talk about financial capital, we're talking about the funds available for public-private sector investment in business activities, research and development, social programs, and other services. The loss of the agricultural sector in rural Nova Scotia will reduce the investments we are able to make in these areas.

Similarly, with built capital, which is manufactured assets, equipment, technology, and infrastructure, again, the loss of rural jobs will burden these public networks.

Natural capital is the natural environment, which is made up of dynamic and interacting systems of organisms and habitat: air, water, land, and the minerals on which they depend. Renewable and non-renewable natural resources are components of the natural capital. This is the heart of the agricultural society, and the loss of farms directly affects the natural capital we possess.

Human capital is the capacity of individuals to participate actively and productively in society and the economy; individual capacities are health, skills, knowledge, creativity, education, training, and experience. Once lost, farm skills and other related skills rarely come back.

Social capital is relationships and networks that support individual and societal well-being and healthy, prosperous communities—again, the heart of rural Nova Scotia.

Without agriculture, where are our rural communities in Nova Scotia?

Now we want to talk a bit about planning for the future. There are a number of things that can be done to support the red meat sector.

The maritime farm community, as mentioned previously, has organized what we call the maritime red meat and feed grains working group. That group has made requests to Minister Ritz for different things. One of them is securing funds for development of a business plan that will not reinvent the wheel but will build upon the current and previous study material. The second is to develop the guidelines for the request for proposal and the business plan development.

There were also some things that need clarification from the federal budget. We still don't have any details around the \$500 million agriculture flexibility program to facilitate the implementation of new initiatives federally and in partnership with the province. We've had some discussions with the provincial government in Nova Scotia, and they're still waiting to know whether matching funds are required, how that will be allocated to the provinces, and how much flexibility we really will have for those programs.

The other is the \$50 million that was announced, over the next three years, to strengthen the slaughterhouse capacity in the various regions of the country. We have a great deal of interest in that. The Province of Nova Scotia is working with a couple of our small packers to develop a submission once we have an application process for that.

We were recently told that this is now a loan rather than a grant. That's a disappointment to us. We believe it should be a grant, with matching funds from slaughter facilities and some support from the province.

• (1225)

Mr. David Oulton: To follow up on that, the maritime beef industry would like to reposition itself in the marketplace—

The Chair: Mr. Oulton, if you could be very brief, we are well over the time.

Mr. David Oulton: Are you? Have we talked that long?

The Chair: I don't want to take away from your comments. If you can address them in the question segment, that's great. I'll leave it up to you. I will give you that lenience.

Mr. David Oulton: Good. Let us run through this real fast.

We need to begin the difficult transition away from imported food—and by imported, I mean imported from other parts of Canada into our marketplace.

The beef industry will launch its strategy plan in the first week of June. The industry is committed to a new way of doing business and an approach dedicated to the principles that Nova Scotia will be better off when Nova Scotians put food in our own stores and on our tables.

This can be nothing more than strategic right now. In creating stability and encouraging growth and change, we need a climate that allows and invites people to invest in a better future.

A crisis is an awful thing to waste. We would like a partnership with the federal government at the table and somehow define how we can take advantage of this present crisis, for all of our producers.

Thank you.

The Chair: Thank you very much, gentlemen.

We'll move to our seven-minute round.

Mr. Easter.

Hon. Wayne Easter: Mr. Chair, if you want to go to five minutes, it's okay with us.

The Chair: Is five okay with everybody? Do I have unanimous consent?

Some hon. members: Agreed.

The Chair: Okay, five minutes, Mr. Easter.

Hon. Wayne Easter: Thank you, witnesses from both provinces, for coming. You've made the point pretty aggressively that under the current scenario there's no question we're losing the livestock industry—hogs and beef—in Atlantic Canada, and the government has to find some way of redressing that.

I'd also agree with the point the P.E.I. group made. I know our office, Mr. Chair—I don't know about yours—is having a lot of complaints about Farm Credit, that it's easier to deal with the chartered banks in terms of the farm financial cases than it is with Farm Credit. That's not the way it should be.

In the P.E.I. presentation, you said one of the solutions here—and I may not have this quite right—is to release the livestock that was assigned as security for 2008 and therefore allow producers to receive advances on the livestock for the 2009 production year. I assume you're talking about the assignment to the federal government under the advance program?

• (1230)

Mr. Cameron MacDonald: Yes. Those cattle were allowed to be set aside by themselves and then start the program again.

Hon. Wayne Easter: And that would give producers the flexibility then to be able to re-get an advance and keep operating.

Mr. Cameron MacDonald: Yes. If somebody maxed out at \$400,000, you would set.... If there is money sitting there, not...

Hon. Wayne Easter: The limits would stay the same.

Mr. Cameron MacDonald: Yes. We don't expect the program to have \$800,000 out to one individual.

Hon. Wayne Easter: Okay. So that should be one simple solution that is certainly possible.

I believe the Nova Scotia group gave some numbers. In P.E.I., what is the reduction in hogs and beef, or in beef in your industry? Do you know?

Mr. Cameron MacDonald: We don't have a definite.... We've lost a pile of producers, but we're not sure of the numbers.

Hon. Wayne Easter: I have just a couple of quick questions, and maybe you can answer. I guess the key is that if we're going to have an industry, Mr. Chair, how do we get young people back into the industry? Under the current situation, as two producers—and I know both of you have reduced your operations—what is it going to take to get people back in the industry?

Mr. Cameron MacDonald: This is a question that's pretty dear to me. I was involved in a Future Farmer program that our province ran. You were in for five years and then you were out. It has been running for six years now. I was in on the bottom floor, and there were eight key producers in my group. Out of those producers, we have two left. So this is a very important question to me.

What we need is a guarantee that they can be viable. There is no interest in anybody coming in to something they're going to fail at. Brian and I are both younger farmers, as P.E.I. and as Canada goes, and we're not sure what we're doing. I have one son and I don't want him to even come near the barn because I don't want him to take an interest in it because it's such a battle. We need support programs there to help our young people get in and stay in.

The beef industry, for one, was one that people were moving into over the years because it's relatively easy to get in. You don't need the big infrastructure you need for dairy or for hogs. Your equipment is minimal as well, versus the potato industry. So young people were trying to get back into that industry. I used the example of the six out of the eight—three of them were trying to do something in the beef industry.

The Chair: You have about three-quarters of a minute.

Hon. Wayne Easter: The other proposal I think we put to the Canadian Cattlemen's Association when they were here was the viability test. People don't meet the CAIS AgriStability viability test because they had losses in two of the last three years. What's your view on that? Should we eliminate—

Mr. Cameron MacDonald: We need that changed right away.

Hon. Wayne Easter: It needs to be eliminated.

Mr. Cameron MacDonald: Yes, and we need negative margin coverage to change to at least 70%. As it currently stands, I don't know how many.... A lot of beef farmers are going to fail that viability test. We have people who won't even take part in the program anymore because they won't pay the accountant to go through the channels to get there.

Hon. Wayne Easter: Thank you, fellows.

The Chair: Thank you.

Ms. Bonsant, you have five minutes.

[Translation]

Ms. France Bonsant: Thank you very much. Once again, I am sorry that the debate has been delayed.

I would like to know which slaughterhouses you have access to in Prince Edward Island and Nova Scotia. Are they Canadian or American?

[English]

Mr. Brian Morrison: We have direct access to a plant in Prince Edward Island, Atlantic Beef Products Inc., a new facility that's only a couple of years old. For the hogs there were two plants, one in P.E.I. and one in Nova Scotia. The P.E.I. plant has closed, but there is still a plant in Nova Scotia for hogs. So we have one plant for each commodity left in the Maritimes.

• (1235)

[Translation]

Ms. France Bonsant: How about you, gentlemen?

[English]

Mr. Henry Vissers: As we mentioned, we have the Larsen's plant in Nova Scotia. That's strictly a hog plant. It's mostly P.E.I. pigs going into that plant now. We have a number of provincial plants, and some of those handle a few hogs. We have another federal plant in Antigonish, Nova Scotia, Tony's Meats. There are Nova Scotia and P.E.I. hogs going into that plant. That plant is producer-owned. There were on the order of ten producers who bought shares in that plant and who own it with the idea of trying to move further up the value chain.

[Translation]

Ms. France Bonsant: I will try to be brief. Where do most of your exports go? Do they go to the United States? While we are on that subject, what do you think of the COOL labelling program? Does it affect your stock and your farm's profitability?

[English]

Mr. Cameron MacDonald: We weren't using the United States a lot, but it was an option. The way in which it hurts is that it's bringing down the Canadian price, because you can't move western cattle into the States easily. So it's bringing down the price to us.

[Translation]

Ms. France Bonsant: What would you like the government to do to help you out of this major crisis in beef and pork. We have cattle and hog producers in my constituency. They are finding it difficult too. It is very difficult for farmers. More and more young women are going into agriculture and a lot of farmers are committing suicide as a result of the crisis. I would like to know what you expect from the government.

[English]

Mr. Cameron MacDonald: One thing that could solve a lot of our problems is education. People do not understand the food industry. They do not understand where their food comes from—the food comes from the supermarket. I've spoken to people in their 60s and in their 40s and in grade three, and I got exactly the same answer. They all thought their food came from the supermarket.

We need a huge campaign out there showing that farmers are important and that it's from them that your food is actually coming.

[Translation]

Ms. France Bonsant: I understand. When my daughter was four, she said that milk came from the store. That is when I realized that people do not know.

Have you thought about developing local markets in order to establish food sovereignty in your villages and towns, to tell people that it is good to buy local products, because that also reduces greenhouse gases? The two things go together nicely.

[English]

Mr. Cameron MacDonald: We do have a buy local campaign, but P.E.I. is an exporter. We make more food than we could ever imagine eating our way through. We would need very few beef producers, very few hog producers, very few potato producers to feed us. We are an exporter.

[Translation]

Ms. France Bonsant: I see; it is more difficult for you. In my constituency, we do secondary processing; a lot of dairy farms are involved in processing. That is why I asked. You are primarily exporters.

[English]

Mr. Cameron MacDonald: When we met with Minister Ritz in January, that was one thing that he was quite intent on, that we get into further processing. He rather waved the carrot, that there could be some funding for it.

[Translation]

Ms. France Bonsant: Right.

[English]

The Chair: Thank you, Madame Bonsant. Your time has expired.

Mr. Atamanenko, you have five minutes.

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

We're talking about exports and imports in P.E.I., or exports and domestic market in Nova Scotia.

In Nova Scotia and P.E.I., what is the percentage of cattle that are exported and what, roughly, is the percentage of the domestic market? Let's take Nova Scotia first.

Mr. Henry Vissers: As we said initially, we are only producing 10% of what we consume. That said, there are a number of producers who ship cattle to an Ontario plant, and in the past there's been some going into the States as well. But we don't nearly meet the demand of our own population within Nova Scotia.

On the hog side, when the industry was producing 220,000 hogs a year we were in the 60% range of producing what we consumed. At the same time, the Canadian dollar was a lot lower relative to the U.S. dollar, so some pork products were being exported into the U.S. as well. In the last couple of years that hasn't been the case. It's been the opposite. There's been U.S. pork coming into Canada, because it's strictly on price.

Of course, the other side of this is that you don't see this when you're in the store, because there's proprietary store labelling on product. There's no indication of where the product came from, which is the other side of the labelling issue, the COOL issue: we can't identify local.

• (1240)

Mr. Alex Atamanenko: Am I right in understanding that 90% of the beef consumed in Nova Scotia comes from outside Nova Scotia?

Mr. Henry Vissers: It would be in that range. We don't have exact numbers on it, but it would be in that range.

Mr. Alex Atamanenko: And in Prince Edward Island you produce more beef than you consume.

Mr. Brian Morrison: Technically, in Prince Edward Island, because of what he said about beef moving across the country and from country to country, we only produce through our P.E.I. plant about 15% of the beef that's used on P.E.I. We have a captive market, if we could just get tapped into it through—

Mr. Cameron MacDonald: It's 15% of the Maritimes.

Mr. Brian Morrison: I'm sorry. We produce about 15% of the Maritimes' usage. As everybody has said, things get moved around so much that.... Our plant in P.E.I. could certainly expand tenfold, if we could get the local stores to take on all our products.

To make another point about our plant in Borden, they have been aggressively trying to get into niche markets and are having trouble obtaining funding through ACOA to do this. Things are in place, but it's at a stalemate, waiting to get some ACOA funding flowing.

Mr. Alex Atamanenko: If I understand correctly, if some support were provided, the producers in the Maritimes could sell locally without having to export outside the country. Is that correct?

Mr. Cameron MacDonald: Yes, but it's the hard-to-sell cuts. We don't have the ethnic groups to consume some of the products that we as Maritimers don't ordinarily eat. Those are being sold at a discount just to get rid of them. Having those markets would put more value on the carcass and would return more value to the farmer. Because of BSE, we're just starting to get back into many of those markets.

Mr. Alex Atamanenko: Thank you. There have been many reasons given, and many people are trying to explain why beef producers aren't making money, or why it's difficult. Have you read, any of you, the report by the NFU on the crisis in the cattle sector?

Could you comment on it briefly, perhaps starting with Nova Scotia and then dealing with P.E.I.?

Mr. Henry Vissers: I read the report, briefly. There are some good points in it. There are some things we would certainly agree with. One of them was to balance the production with the consumption in Canada. I am sure there are other jurisdictions that would disagree with that, but not being open to all of the risks with currency and border closures due to disease and other such things would certainly help our industry. If we simply have a domestic market and we're eating what we produce, then our prices are established in Canada and our own population eats the food.

Another point in that report talked about buying locally, which is something we certainly agree with. Part of "buy local", as I mentioned before, is that there has to be some way we can identify "local" on the labels in the two major chains, the Loblaws and the Sobeyes. Until we can do that, it doesn't matter whether consumers want to buy local or not; they can't identify it.

The Chair: Mr. Atamanenko, your time is up, but thank you, Mr. Vissers.

We'll move on to Mr. Lemieux, for five minutes.

Mr. Pierre Lemieux: Thank you very much, Chair.

Thank you once again to our witnesses for being here in front of the committee today, talking about this important sector, the beef sector. Oh, and pork of course is in there, too—the red meat sector.

There are different markets. Certainly there is our domestic market. As you know, we're trying to encourage Canadians to be able to identify Canadian product and to buy local. We think that's very important. But there is the international market as well. Mr. Atamanenko brought up the NFU report. One of the concerns we certainly have with the NFU report is that they diminish export markets. They would rather we had almost no dependence on export markets. I know Mr. Easter, who sat as the president of the NFU for many, many years, agrees with the NFU, but we don't on this side. Minister Ritz has been outside of Canada at every opportunity, kicking open international doors, encouraging other countries to open their borders to beef and to pork, applying pressure when necessary. He's had tremendous success in Saudi Arabia, Hong Kong, Mexico, India. Now we read he just came back from Korea, and he's applying real pressure there, saying, "Listen, you're blocking our beef. It's been long enough. It's time to take Canadian beef back in."

The question I have is perhaps a slightly different orientation on Mr. Atamanenko's question. The NFU report really discourages reliance on the export market, and yet the way I see it, and I think the way Mr. Ritz sees it, is that the export market is a market.

Mr. MacDonald, you were just talking about niche markets and how that can raise the value of the carcass. That's money back in the pockets of producers, and a lot of these export markets offer niche markets for things that we would not normally consume here in Canada.

So I wanted to ask your opinion on all this emphasis on export markets and what impact you think it'll have on the red meat sector.

●(1245)

Mr. Cameron MacDonald: Just going back to what you just said, we do need those niche markets because Canadians, historically speaking, have not eaten those products. Until we get more value out of the carcass, we are in trouble.

Mr. Pierre Lemieux: Mr. Morrison, would you like to add to that?

Mr. Brian Morrison: Yes. We recognize that Mr. Ritz has kind of taken that on as a project, and we thank him for that because every market is a market. The carcass has to be divided into value-added as best we can. These markets are enabling plants—and hopefully a plant on P.E.I. as well—to tap into these markets with containerloads of certain products that can be twice as much or three times as much money as available in other jurisdictions, just because they use that product and Canada does not. So we are very pleased that he is doing what he is.

Mr. Pierre Lemieux: Good.

Mr. Vissers, would you like to comment on that?

Mr. Henry Vissers: Yes, I would. I recognize that we have a large and diverse country and there are different areas that are more interested in exporting than others.

We've been asking for years for a regional approach to this kind of thing, for a regional approach to safety net programs, for a regional approach to policy from Agriculture Canada and from the federal government.

We've just been hammered in the last few years, because the policy of the federal government has been a drive toward exports. And I know bringing those export dollars into Canada is valuable to Canada, but there has to be some recognition that we should be able to have a domestic industry in the Maritimes to feed the people in the Maritimes. Whether it's a food policy, a sovereignty policy with respect to food, or whatever it is, the country is—

Mr. Pierre Lemieux: Yes, I agree with you.

Mr. Henry Vissers: —too large and too diverse to have one policy with respect to this type of thing for all of Canada.

Mr. Pierre Lemieux: I don't think there is one policy, though.

I just want to talk about the product of Canada labelling.

What you're suggesting is that there's an education process that has to happen as well. Consumers, I think, are well informed that...or they're certainly letting us know they want to buy Canadian and they want to be able to identify Canadian products.

As I said at the beginning of my remarks, there are two markets and we need to focus on both, not at one to the exclusion of the other. Certainly we as a government have been listening to Canadians and, first of all, taking the action necessary so they can identify what is a product of Canada, and, second, also focusing on the export markets, which is why I wanted to bring up Minister Ritz' activities.

What concerned me with the NFU report is that they're tilted very much in one direction only, to the exclusion of the other. Even though perhaps certain regional areas benefit more greatly from export markets, if those export markets are cut off, there's more beef in Canada and that will.... There's too much beef in Canada. Canada produces more beef than Canadians can consume, and it needs those export markets.

Anyway, I'm just pointing out that we're taking steps to help address the domestic market and address export markets as well.

•(1250)

The Chair: Your time has expired, but I'll allow the answer.

Mr. Pierre Lemieux: It wasn't a question; it was just a comment, Chair.

The Chair: Very good, then.

We now move to—

Mr. Henry Vissers: Can I answer the question, even though it wasn't a question?

The Chair: Maybe you can address it in your next comments, Mr. Vissers.

We'll move to Mr. Eyking. He seems to want to get on the record today.

Hon. Mark Eyking: Thank you, Mr. Chairman.

Welcome, gentlemen.

I commend you for your patience with today's interruptions.

A recent news release from the Nova Scotia federation's president, Richard Melvin, stated the bleak numbers in returns you're getting on your margins compared to the food bill. If the retailers are not helping you on that side, I guess we need better programs across this country to help you.

A recent article in the *Country Guide*, showed two big examples of how the red sector is helped in different parts of the country. There's \$600 million being invested in Alberta in the beef industry, and in the pork industry in Quebec they have a stabilization program. That creates quite a disadvantage for a lot of producers in Atlantic Canada.

First, what should the federal government be doing to give a level playing field for maritime producers?

My second question deals with AgriFlex. We've had a lot of concerns over the last few weeks from producers coming in about the AgriFlex program.

I guess this question is to the P.E.I. and Nova Scotia producers. What are the problems with AgriFlex, and how should it be changed to accommodate the types of maritime farmers we have?

Mr. David Oulton: Mark, I'd like to address the first question.

Pierre Lemieux suggested that export is a good thing. We don't disagree with that. Export is necessary. The problem is distinguishing between the two.

I'll going to try to put it in one sentence. If you have national consolidated retailers and national consolidated packing plants—which, by the way, are both owned by U.S. private families, not by public companies—and you take those two things and tie them up with an export program of the federal government, we, in the Maritimes, actually become an export community for the consolidated retailers and consolidated packers. We're left out of the equation. There's nothing more to it than that.

If the federal government could address that issue and level that playing field, it would be advantageous.

Mr. Henry Vissers: With respect to the other part of that question, the federal support for the industry, one thing would be some clarification on the \$50 million for slaughter facilities and flipping that back to a grant instead of a loan so that it's more accessible to the industry.

I'm not intimately familiar with the beef plant on P.E.I., but I know there's been a lot of discussion about a grind line so they can grind hamburger and such to meet the needs of the chains. That program would help them with that.

I've heard in the media that the ACOA grant, which was given awhile ago to the Atlantic beef plant, has now been turned into a loan. There is some confusion around whether it was always a loan or it just became a loan, or it's a non-payable loan, which we'd all love to have. They need some clarification around that.

On the support for the local industry and some of the efforts to do with labelling, I certainly recognize there's a desire to have a national label. Whether that national label needs to have 98% Canadian content is something a lot of people are questioning; they feel that the content is too high. We do need a Canadian program, but we also need to be able to be identified as product coming out of this region.

The Chair: You have one minute.

Hon. Mark Eyking: Do you see that the Maritimes, and Atlantic Canada in general, should have a more united voice when they're talking to the federal government? I have to commend Quebec producers on how they deal with the federal government and how they deal with retailers.

Do you think it's time that maybe Atlantic Canada should be talking in a united voice about what they want from processors, retailers, and also from the federal government?

Mr. Henry Vissers: Yes. There are certainly some efforts to do that, but we can do more.

The provincial ministers are beginning to work together. They recently signed an Atlantic MOU. The Atlantic Farmers Council meets on a regular basis to discuss issues. As we mentioned in our brief at the beginning, the maritime red meat sector has come together and developed a task force to look for the way forward for that sector.

Certainly as governments begin to work together, it makes it a lot simpler for us to work together and to have that single portal for discussions as well.

• (1255)

The Chair: Your time has expired.

Mr. Shipley, for five minutes.

Mr. Brian Storseth: I have a point of order, Mr. Chair.

Out of respect to Mr. Eyking and the witnesses, I didn't want to bring this up in the middle of Mr. Eyking's round of questioning, but I take great umbrage to his consistent attack on producers—especially beef producers in the provinces of Alberta and Saskatchewan. He continues this through various rounds of questioning. He goes all the way back to when Mr. Gillespie was here for the Beef Information Centre, and he's trying to create divisiveness against the money that the Province of Alberta, Premier Stelmach, and Premier Wall have taken a leadership role in putting forward. He continues to attack that money, trying to say they shouldn't be giving it to the producers and that it should be for some fair system right across the country. He knows that's not possible—and they allowed that when they were in government.

The Chair: I don't think it's a point of order, but you've made your point.

Mr. Shipley, for five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair, and thank you to the witnesses.

I have to tell you that when I get the chance to visit our friends in P.E.I., it's one of those great times we have, and travelling through Nova Scotia to get there...we just think the world of the Maritimes.

Now, regarding COOL, what steps should we be taking on that as a federal government? That's the first question.

Secondly, you talked about P.E.I. being an exporter. We certainly have had discussions at all of our meetings about the significance of expanding trade. A number of us have talked about that. I wonder if you can give us some comment on the secretariat that has been set up to help our exporting of animals abroad by helping the industry, particularly the red meat industry.

Thirdly, we always talk a lot about the numbers, and I'm trying to get some clarification, quite honestly. Where are the numbers, particularly for the beef cattle? Where are we now in comparison with the pre-BSE situation? I would ask that about the maritime provinces.

My next question is about the viability test, about which we've had a number of discussions. Mr. Easter will continue to raise that. Changing the process will also require provincial authorization. Will your province agree to that, and will they agree to this across the Maritimes?

I will leave those questions with you. There are three or four right now.

The Vice-Chair (Hon. Mark Eyking): Mr. MacDonald first.

Mr. Cameron MacDonald: On the last question, I can't see our province having a problem with that.

Mr. Bev Shipley: Do you know that, though?

Mr. Cameron MacDonald: No, I don't know it. But historically they've been pretty eager to spend the 60% federal dollars.

Mr. Bev Shipley: I'll go back, just for clarification, where there's been \$40 a head, \$80 a head, or something a head.... Now, Prince Edward Island hasn't done that.

Mr. Cameron MacDonald: We did run a program last spring, which our maritime counterparts didn't appreciate, but we had to push for something and we did get something. It wasn't as much as we'd hoped for, but we did get a payout.

Mr. Bev Shipley: Can you go on to the other questions, then?

Mr. Cameron MacDonald: As far as the production we've lost is concerned, we'll try to get some numbers back to you. I know you probably don't know the geography that well of where I live, but I'm on the west end of the Island. From the tip of that end to Summerside, we have lost 8,000 head of finished cattle in less than year.

Mr. Bev Shipley: I'm looking at the Maritimes as a whole, and that question will come up. It's always hard to regionalize this.

Mr. Cameron MacDonald: On the AgriFlex question, I'm not up to enough speed on that to offer much of an opinion, other than to say that we'd like to have the option of a three-year, or an Olympic, average—or whichever one would work better for the producer.

Mr. Bev Shipley: My understanding is that the qualifier for that, in terms of the program, is basically up to the province, outside of business risk management.

The last question was on COOL. I'll also look to Mr. Vissers to comment on that.

• (1300)

Mr. Henry Vissers: On COOL, I think the federal government should lift the WTO challenge off the table. We don't seem to be getting anywhere with the U.S., so I think that's the only option we have, and to carry on with labelling programs in Canada so we can identify product of Canada here.

Mr. Bev Shipley: Thank you very much.

The Vice-Chair (Hon. Mark Eyking): You've got 20 seconds. Do you want to add anything on the AgriFlex, Mr. Vissers?

Mr. Henry Vissers: I haven't had any clarification on where AgriFlex is going yet—if it's going to use the traditional formulas to pay provinces, if it's going to be 60-40. We would like a lot of flexibility in that, so we can do some of the things we talked about today on a regional and provincial basis.

The Chair: Thank you.

Madame Beaudin, you have five minutes, please.

[Translation]

Mrs. Josée Beaudin (Saint-Lambert, BQ): Thank you, Mr. Chair.

I thought that I was being starved for attention, if you will excuse the pun, but now I can ask a question.

My question goes to Mr. Vissers from Nova Scotia. After the question from my colleague to my left, you started to talk about what you thought of the report on the income crisis in the cattle and hog sectors, and I felt that you had more to say. You began your explanation and I noted, among other things, that you consider it important to develop local purchasing and to clearly identify local products because of that. I would like to hear more.

[English]

Mr. Henry Vissers: It's easy to take a report like that and pick and choose what you like out of it. There certainly were some things that caught my eye when I went over it. It was a rather quick review, I'm afraid, so I didn't get a real in-depth look at it. But I like the idea of some of the things they're talking about to try to support the producer locally so we can survive.

We're in a situation, as you know and as everyone else knows, that we haven't seen before as far as the economy goes. In the beef world, I hear that U.S. cattle placements are at 50-year lows, and we're still seeing low prices. So we need extraordinary means to keep our industry alive while we're waiting for that correction in the marketplace and that correction in our economies. And one of those things is immediate payments for producers, which is mentioned in that report, in one of the bullets. It probably isn't realistic to downsize the industry so that we're consuming what we're producing, so we probably need more of the things I mentioned. The things that caught my eye were the buy local part of it, the label identification of Canadian product, those sorts of things.

[Translation]

Mrs. Josée Beaudin: Thank you very much.

You mentioned your expectations. I would be interested to hear what the federal government can do to help you. Among other things, you mentioned recognizing regional differences and low-interest loans. Could you tell us more about these expectations, please?

[English]

Mr. Cameron MacDonald: One thing I forgot to mention on the AgriFlex question, something our board has asked for at different times, was that we're always looking to our provincial governments for short-term help and then using federal dollars for more long-term help. We would like to know if anybody would ever be interested in the short-term dollars being part of the 40% of the 60-40 split with

the feds. That's something we bring up quite often, whenever we get a chance.

We're trying to put programs together right now to stay in business and to get short-term help out of our province, and that is something they push us to ask for as well. That's one thing.

Do you have anything, Brian?

• (1305)

Mr. Brian Morrison: The producers who are still in business are very heavily indebted, to the point where they're being forced into foreclosure. They just can't continue. So that's where we're asking for and where we need some help, whether through Farm Credit Canada or whichever, to restructure these organizations so they can continue to produce beef and continue to produce other commodities. P.E.I. has a very diversified agriculture business. Most farms do produce more than one commodity.

So that's what we're asking for in the low-interest or debt restructuring: instead of closing these places down, come up with a solution that can keep these family farms in business.

The Chair: Thank you, Madame Beaudin.

I didn't realize when we recognized Ms. Beaudin that it's one o'clock. We have already had one member leave, and I have to go.

Hon. Wayne Easter: There are a couple of others, maybe one from each side of the table, who would like to ask questions. There aren't going to be any motions or anything, but we were late starting. I know Frank has some questions, and if maybe one other member had questions, we could go to 1:15. You can leave—

The Chair: That is totally up to you. I have to go, because I have a meeting. But if Mr. Eyking and....

Mr. Storseth.

Mr. Brian Storseth: Thank you, Mr. Chair. I think we need it on the record. I believe we can do this, the same as we do in the House, but we would need unanimous consent. I believe you'll find it, as long as Mr. Easter agrees there are not going to be any motions or anything put forward.

The Chair: Do I have unanimous consent?

Some hon. members: Agreed.

The Chair: Very good. I am going to ask Mr. Eyking to take the chair.

I'd like to say thank you very much to the witnesses for coming here, and to Mr. Vissers and Mr. Oulton for joining us by video conference. I apologize that I have to slip out to another meeting, but thank you.

The Vice-Chair (Hon. Mark Eyking): Mr. Richards, you're up.

Mr. Blake Richards (Wild Rose, CPC): Thank you. I appreciate the opportunity to get a bit of perspective from the Maritimes today. Thank you very much for being here. As an Alberta guy, it's not something I often get the chance to get a perspective on, so I appreciate it.

I also appreciate the comments the witnesses in the room have made in support of our government's agenda to try to expand our export markets. We've done a lot of work, and you join a growing corp of the producers and producer groups whom we've heard from who understand the importance of the export markets.

I want to assure you that our government will continue to work very hard to open up those markets to ensure that we can reduce reliance on the American market, so that things like COOL don't have huge impacts and things like BSE won't have huge impacts.

Of course, while that market is an important one, it's important to open up other markets as well. I appreciate your comments in that regard.

It is unfortunate that the Liberals and some of the other opposition parties sometimes don't seem to see the importance of that, but we certainly do.

I'd like to ask a question that I've asked of many of our witnesses during the study we've been doing on the red meat sector, and it's out of my concern for the future of the farm, particularly the family farm.

You guys are both fairly young producers, and you have mentioned briefly, Mr. MacDonald, that you have a son whom you've rather discouraged from even getting involved with the farm. I suppose I can understand that, but having said this, I would like to get your take on whether you really feel that there's a future for your industry in the Maritimes, and if so, how we ensure it.

Mr. Cameron MacDonald: We could get more value out of the carcass. We're probably leaving a couple of hundred dollars on the table because of the loss of those export markets. If you factored that back into what we're getting, it would certainly make a difference.

It makes sense to grow beef in the Maritimes. There's all kinds of forage and there's a relatively good supply of high-energy food as well. It's a good fit. It works well with the potato industry. We'd like to be able to stay there and be profitable, but when you're leaving those dollars on the table, and with the dollars it's costing us to process meat in Canada, with the fees and all the hoops we have to jump through to market our cattle.... If some of that stuff were to disappear, there is value in the carcass, if we were just allowed to capture it.

• (1310)

Mr. Blake Richards: Mr. Morrison, did you have anything you wanted to add to that?

I would say, certainly, that the question relates mainly to my concern for young farmers wanting to get into the business. If you want to touch on that at all, it would be appreciated.

Mr. Brian Morrison: Yes. I think we have some younger farmers coming on board. We just need to get profitability back into the marketplace. We need to be a profitable business, and with profitable businesses, family farms will continue and the next generation will come on. But we need direction from the federal government this spring in order to know that we are going to have a program in place and to carry on. We need some direction and we need it ASAP.

The Vice-Chair (Hon. Mark Eyking): You have one more minute for maybe Nova Scotia or—

Mr. Blake Richards: I was hoping to allow Nova Scotia back in.

Mr. David Oulton: Could I get the name of the fellow right here? What's the name that goes with that face?

Mr. Blake Richards: Mr. Richards.

Mr. David Oulton: I sure appreciate your comments, and I appreciate the way you put them. The only thing we're looking for here in the Maritimes, the only thing we can tell you in the short term to put profitability back into our industry, is that we'd like the federal government to come to the table, and we'd like them to come to the table to discuss how we do exactly what you want done. We'd like to have that discussion with you. We'd like you to show up. Bring your secretary with you and bring some assets. Bring something that has some value as well. If you could organize that and put that together in a very good way, I think probably we could come up with something. We could identify the things that have to be done and maybe move forward.

Thank you.

Mr. Blake Richards: Thank you very much.

The Vice-Chair (Hon. Mark Eyking): Thank you, gentlemen. Time is up.

Mr. Valeriote, you are next.

Mr. Francis Valeriote (Guelph, Lib.): Mr. MacDonald and Mr. Vissers, whoever—and Mr. Vissers only if he has a different answer from Mr. MacDonald's—is there an additional cost for the removal of specified risk material in Atlantic Canada that is different from any other areas?

Mr. Cameron MacDonald: Yes, ours is transported to somewhere in Quebec. I don't know where. We're talking probably upwards of \$150 per head.

Mr. Francis Valeriote: Mr. Vissers, have you any comment?

Mr. Henry Vissers: It's a little bit different. The rule in Nova Scotia is that no organics go into landfill, so that wasn't an option. They are developing a compost facility that will be able to handle the SRMs in Nova Scotia. Until that happens, everything goes to Quebec.

Mr. Francis Valeriote: I have another question.

Mr. Lemieux emphasized the importance to this government of exporting, and I understand that. Mr. Vissers, you seemed to suggest that the growers, the producers, are really victims in some way of XL or Cargill, the folks that are processing. I think I heard that—they are the two largest family owned companies, and you made reference to family owned companies. That leads me to believe that really they are the two largest and the only two that have access to these export markets. Yet I have heard before from cattle producers from Alberta that they, themselves, don't necessarily go through XL or Cargill and actually export directly to the United States.

Can you clarify that confusion for me?

Mr. David Oulton: I could try that. That's a hard thing to do. I'm not implying that we're being taken advantage of by these two big packing plants. I'm simply stating that over the course of the last 10, 15, 20 years there has been a gradual consolidation, which is a natural thing to happen, by the people who are in a position to become consolidated. The primary producer is not in that position.

The bottom line is that once the consolidation took place at the levels above primary production—all the value chain above primary production—they have the ability to instill some kind of monopolistic tendencies, not to anybody's disadvantage but to their advantage. And more power to them. It's nice to see that happen.

The fact is that the primary producer can't do that, and we're stuck with the result.

• (1315)

Mr. Francis Valeriote: All right.

I have another, probably final, question for both of the folks who are before us, Mr. Morrison and Mr. MacDonald, and those who are on video. It is with respect to Farm Credit.

Mr. MacDonald, or Mr. Morrison, one of you suggested there was some difficulty in gaining Farm Credit's participation, we'll say, or assistance on your operations. Can you be more specific? Is there denial of funds? Are you going to them with proper business plans? Are they making it difficult? I really want some specifics from you.

Mr. Cameron MacDonald: It is mostly in regard to debt restructuring. Most banks are willing to negotiate, and we're talking negotiating down. That doesn't seem to be an option at this time with Farm Credit.

Mr. Francis Valeriote: Have you brought those specific concerns to their attention, and have they responded? What have they said?

Mr. Cameron MacDonald: Every time I talk to them about that, it is "Well, that's not our policy", and it ends there.

Mr. Francis Valeriote: Is it your hope that this government will give some direction or change the direction the Farm Credit corporation is going in?

Mr. Cameron MacDonald: If there isn't a change made, there will be a lot of empty buildings on P.E.I. We have a lot of empty buildings now, and we're going to have more.

Mr. Francis Valeriote: Finally, can I ask the folks on video conference whether your experience is the same, and can you respond to that question?

Mr. Henry Vissers: I guess our experience is a bit different because we have a provincial farm loan board.

Some of the things that are happening are similar. It's really tough to ask a lender to write down debt. Their mandate is to realize their loan and to sell assets to do that. We've certainly seen some of that with respect to the farm loan board and with other lenders.

Mr. Francis Valeriote: Okay.

Thank you, Mr. Chair.

The Vice-Chair (Hon. Mark Eyking): We have 20 seconds, if anybody wants to add anything.

Hon. Wayne Easter: Just a point—

Mr. David Tilson (Dufferin—Caledon, CPC): Mr. Chairman, we have gone beyond the time. We don't even have a quorum, in fact.

Unless it's very brief, I think we should adjourn.

Hon. Wayne Easter: It's very brief.

I'm correcting the record. I understand when Mr. Lemieux spoke, when I was out, he said I was opposed to exports. I just want it on the record that I'm not. I'm strongly in favour of exports in the beef industry.

The Vice-Chair (Hon. Mark Eyking): Thank you, Mr. Easter.

Thank you, witnesses, for coming, and to the crew in Nova Scotia for being patient in all the input you gave today. This will be very important for our report.

The next meeting is next Tuesday. We'll be dealing with grain issues.

Thank you very much. The meeting is adjourned.

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