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# Standing Committee on Agriculture and Agri- Food

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EVIDENCE

**Monday, April 26, 2010**

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**Chair**

**Mr. Larry Miller**



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• (0805)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** I'd like to welcome everyone here to the first meeting of our cross-country tour looking into the future of agriculture and particularly how we can encourage and keep young people in agriculture.

Before we go to our witnesses, I'd like to thank MP Ron Cannan for having us.

It's a beautiful town here, Ron, and we're very happy to be in Kelowna.

Thanks again to our witnesses for being here today. We really appreciate your taking the time out of your busy schedules. I'm a farmer myself, so I know what it's like, especially on a nice day like this, to leave what you're doing, but I think you'll agree with me that this is a very important study. We appreciate it.

We'd like you to give a presentation for five to seven minutes, if you could. I'm not going to cut you off if you're a little over that. The more time we have for questions—and I'm sure there will be lots of them—the better.

With no further ado, I'm going to go with ladies first and ask for Ms. Van Roechoudt to go ahead. Thank you very much.

**Ms. Madeleine Van Roechoudt (As an Individual):** Thank you for having me here today. My name is Madeleine Van Roechoudt. I'm a third-generation apple grower from Winfield, which is half an hour north of here. I completed my degree in agriculture at the University of British Columbia, and am about to start an online MBA through Athabasca University, next month.

In the interests of time, I have narrowed challenges in my sector to three.

Number one is the high cost of land. Here in the Okanagan, land goes for \$80,000 to \$100,000 an acre.

Number two is low returns to growers. When you're paying a mortgage for really expensive land and you're not making much money, that's a pretty challenging life.

The third challenge is an inability to brand produce. Produce doesn't come in the store with a package that explains its virtues or its origin. If you read next to the price, it might say "Product of B. C.", but so often when you actually look in the bin—with apples, anyway—they're Washington state apples.

Even if a consumer was wanting to buy local, they'd really have to look. With the new stickers that go on apples, with the bar code for traceability and ease for cashiers, the little logo that says where it's from is so small that I think you'd have to get your magnifying glass out. How can you promote your product when the consumer can't even identify what it is?

With these challenges, we don't have a competitive advantage. We were making money growing premium products, but as I've mentioned, we are obviously not a low-cost producer. So how are we to compete with the rest of the world in a global marketplace?

With those things in mind, the question that comes to my mind is this: is it important for Canadians for us to be producing Canadian food? If it's not, then we'll just let the global market run its course, and those without a competitive advantage will die out. If it is important, then what programs do we have to help farmers?

Existing programs that are helpful are the replant and removal programs. These help farmers pull out old orchards and replant with higher densities and newer varieties. That helps with the rejuvenation of the orchards here.

AgriStability is helpful, but I think it's designed mostly for markets where prices are fluctuating up and down. When you're having diminishing returns year after year, it's not going to help in the long term if it's not solving your problem of decreasing returns.

Research is essential to stay leaders in our industry, to have new varieties, and to have solutions against pests and diseases.

As for programs that we don't have that we need, there are no programs for young farmers here in British Columbia. I wasn't aware of any, so I did a little research. I didn't find any.

I found one that helps guarantee loans up to \$500,000. Well, \$500,000 in the Okanagan doesn't buy very much. At \$100,000 an acre, we're looking at maybe five acres. That's not including any machinery or buildings.

We need a program that's going to match young farmers to landowners who want to lease their land long term. There are people in the Okanagan who move here—they're wealthy, they have money—and they want the rural lifestyle but don't want to farm. They have the land. How can we match young farmers to these people who have the land but who don't want to farm? If they're willing to agree to long-term leases, then that gives the farmer the ability to plant something like tree fruits that take several years to be established and get going.

Another program we need is for marketing and branding. We need a way to exclaim the virtues of our products to consumers, to have “buy local” campaigns to know that farms are bringing benefits such as environmental stewards and carbon sinks and green spaces. That's on top of the jobs that farms are providing into the local economy. So we need these buy local campaigns to identify those kinds of attributes, but then also to be able to identify local products in grocery stores. Without that, how are you to buy something local even if you wanted to?

Those are my main points.

Sorry if I rushed; I was trying to stay within my time constraint.

● (0810)

**The Chair:** That was very good. I'm sure there will be questions for you.

We'll now move to Mr. Dobernigg.

You just arrived, so would you like a little bit more time?

**Mr. David Dobernigg (As an Individual):** Either/or is fine.

**The Chair:** Well, you're next on the list, so you have five to seven minutes. There will be lots of time for questions.

Welcome here. Thanks for coming today.

**Mr. David Dobernigg:** Thank you very much.

Thank you for the opportunity to speak to your committee about agriculture and my experience being a young farmer in Canada.

I've been growing fruit on our family farm for the past 10 years. I'm a third generation of Dobernigg to farm on that property. I served on the executive of the Fruit Growers' Association 2004 to 2007—until my second daughter was born and I had time constraints. And now I'm up to my third daughter.

Our farm right now is in transition, both in succession and renewal. Our farm succession plan has been completed and we're slowly working through the legal aspects of land transfer.

We have recently embarked on revitalizing our farm through the removal of larger trees and unprofitable varieties while replanting high-density plantings and more profitable varieties. I'm hopeful the federal removal program will continue past its end date of March, as it sounds like new money would not be needed to keep this program going; at the current rate, we will not be able to spend all of the money in that program. A replant program would also be useful to help continually revitalize the industry.

I once heard agriculture defined as the use of land, water, capital, and labour to produce food. I'd like to address each of those points briefly.

Agricultural land in the Okanagan Valley is prohibitively high-cost for people who want to become a bona fide hands-in-the-dirt farmer. In B.C. we have a policy that is pretty good at protecting agricultural land. However, it tends to be that those who can afford to buy agricultural land do, but most of these are more interested in the rural lifestyle than agriculture. In my neighbourhood, productive agriculture is being replaced by large houses in the middle of 10-acre fields, with a few horses or cows that are largely kept to maintain tax breaks.

All of the young farmers I know come from farm families, and a large percentage of those from my dad's generation came from farm backgrounds as well. There are very few youths or others entering agriculture due to low returns and high land prices. This trend does not bode well for our ability to grow our own food once the current generation of farmers, many into their senior years, retire.

Water is vital to the production of food, and the Okanagan is experiencing increased pressure on water availability. Increased development and decreased snowfall in the recent years have put stress on our water resource. Research at PARC, the Pacific Agri-Food Research Centre, has predicted that agriculture will need more water in the future to adapt to climate change. B.C. has a policy of protecting our agricultural land. However, there is no protection for water for agriculture, which leaves our farms very vulnerable in drought years, more of which are expected than in recent years.

Money or capital has always been a challenge for agriculture, and margins are tight across almost all commodities. Fruit production in the Okanagan is in its second straight year of harsh market prices, well below break-even. There are a few reasons for this, and they include the strong Canadian dollar, massive production in Washington state, and the economic downturn. My own farm suffered a massive hailstorm, wiping out the crop this past year, with 97% damage, so to some degree we avoided the market conditions of last year.

Labour is the issue that keeps me up the most at night. It's difficult to find people to harvest a delicate perishable food item. SAWP has worked well, if you have the necessary housing and facilities in place. However, if you do not have the ability to bring workers in from a foreign country, you have to put in a pretty good effort to find reliable workers for a four- to six-week harvest and a few weeks of summer work. By harvest time for apples, most students who would be a good fit are back at school and unable to participate in the harvest.

Overall, it feels like there are few supports for young farmers in my industry. Education for tree fruit production is non-existent. You either learn from your parents or you learn from being a farm labourer and take the next step of leasing or purchasing land.

Several years ago I took a course to improve my horticultural knowledge. Despite the Okanagan's history and emphasis on tree fruit production, there is nowhere to go to learn about fruit production, so I took agricultural marketing and agricultural finance courses through Olds College in Alberta. The focus was on field crops and cattle. There was nothing on horticulture.

●(0815)

Almost a decade ago, I participated in an agricultural exchange program. It was striking to see the significantly different approach to agriculture in Europe. In Sweden, an agricultural degree was needed to purchase the land. In Germany, in the Bodensee area where I was, there was a seven-year program for fruit production, which was similar to trade school, with class time and work hours needed. In Italy, their land prices are double what we have, so their farms are old, with their families owning their land for generations. With that value in the land and in farming, farmers have a status similar to that of doctors, lawyers, or the professional class.

Thank you very much.

●(0820)

**The Chair:** Thank you very much.

We'll now move to Mr. Machial. Go ahead, please.

**Mr. David Machial (As an Individual):** Good morning. Thank you for having me.

My name is David Machial. I'm a 27-year-old tree fruit farmer in Oliver, B.C., which is an hour and a half south of here. The orchard I run is 11 acres in size. I have nine acres of apples that are mixed with older varieties, such as Red Delicious and Golden Delicious, and newer varieties, such as Royal Gala and Fuji. I also have an acre and a half of cherries and half an acre of nectarines and apricots.

This is going to be my fourth year of farming, but having been born and raised on a farm, I've been working in the industry for 26 years. They give you the first year off.

**Voices:** Oh, oh!

**Mr. David Machial:** I'm fortunate in the sense that my parents own the farm that I'm running. When I graduated from university about four years ago, they came to me and said, "Hey, Dave, we're getting tired. We don't want to do this. We're looking at retiring, and we're considering selling the farm. So if you've ever considered it, try it now, before the option isn't there."

Not wanting to pass up on that opportunity and have regrets down the road, I decided to come home, and I started farming.

As I said, I'm fortunate. People who aren't in my position—I don't know how they can get into this industry. The cost of land in the Okanagan is around \$100,000 an acre, which would put my orchard at \$1 million. I don't have \$1 million. If I did, I probably wouldn't be farming. No one is going to lend that kind of money to someone my age in an industry that's known for its unpredictability and uncertainty, and has a reputation for poor returns.

In addition to working on my farm, I also work at a private packing house called Fairview Orchards. It is owned and operated by my dad and my uncle. You need to have something else on the side to bring in a steady cashflow. The way this business works is that all your costs are up front—your labour, your sprays, your chemicals—and you don't see your return until a year later. If you don't have something else to bring in reliable money, you're either going to have to borrow money or go under.

With regard to what I think the biggest concern is facing the young farmer, it's the same concern facing all farmers: am I going to make any money? Right now in our industry, the average return to growers is 13¢ a pound for apples, and your cost of production is around 22¢ per pound. That's not sustainable.

We're not going to attract new people to this industry if things don't change. People who want to get into this industry can't afford to do it because the return on investment isn't there. We're not even going to be able to retain the farmers we currently have and we'll see a decline in agriculture in this country. If things don't change, it's inevitable.

To me, that's the biggest issue: how do we make farming profitable? Everything else is irrelevant. You can have all these wonderful programs and wonderful support, but if farming isn't profitable, it's not sustainable.

In addition to that, I do a few frustrations. First of all, our current AgriStability and AgriInvest programs are not a solution. AgriInvest is nice. It provides a little money, but it's not enough. And the way AgriStability is set up, if you have two or three bad years in a row, that's it, you're done. It's not a helpful program.

I've gone to a lot of different conferences and meetings where I've heard politicians talk about free trade. They want to push toward the idea of free trade. That's great. I took economics in university, so I understand the principles and the ideals behind it, but I also know that if you want to have free trade, you need to have fair trade. We don't have that.

Washington state, which is right next door, is one of the largest apple producers in the world. When they have a big crop, they dump the fruit on our market. When that happens, this business is about minimizing costs and not making profits, which is not sustainable. There are dispute mechanisms in place, but they're too slow and too costly. Whenever there's a resolution, I am either in debt or out of business. We need something better.

The other issue I have with fair trade is on regulations. I do not have access to the same types of sprays and chemicals that my competitors do south of the border. The chemicals that I do have access to are more expensive, because it's more expensive for chemical companies to do business in this country.

I'm not against regulation. I think it's important that we have high safety standards, high environmental standards, and high labour standards, but we have to recognize that a cost is associated with that. I don't think it's fair that farmers should solely bear the cost. If Canadians value these things—and I think they should—then they should be willing to share in the costs by providing some aid to farmers to offset the disadvantages.

If that's not going to happen—let's face it, times are tight, and the money isn't always there—then at the very least we shouldn't allow fruit or food to come into this country if it's not grown to the same standards as the food grown in this country. It doesn't make sense to me.

●(0825)

If you take anything away from this, please, if we're going down the free trade road, which I think we are, then let's try to make it fair. Let's have better mechanisms for resolving trade violations and let's trade a fair playing field by not having our regulations, which we need, penalizing our farmers. It's not right.

I look forward to your questions later on. Thank you.

**The Chair:** Thank you very much, David.

Your comment about farming with your parents rings loud and clear with me. I started in the late seventies, and when interest rates of 22% and 23% came in the early eighties I would never have made it if I hadn't been farming with my dad, so I know what you're saying.

We'll turn it over to the B.C. Cattlemen's Association.

Mr. Fossen, you have five to seven minutes, please. Thank you.

**Mr. Doug Fossen (President, Kettle River Stockmen's Association):** Hello. Thank you for having us here.

It rings true; a lot of what these guys were just saying all comes through to the cattlemen as well.

My name is Doug Fossen. I am 32 years old. I'm married. I have three girls who are nine, seven, and five. I'm a rancher from Rock Creek, B.C., which is about an hour and a half straight south of here on the U.S. border.

I graduated from high school in 1995. I travelled across Canada, and in the fall of 1995 I got my private pilot's licence. I then went to Olds College and graduated with a diploma in agricultural business with a major in finance.

During college I worked calving out cows, and then spent the summer in Anahim Lake, B.C., cowboying. The only thing I've ever wanted to be is a rancher. I train my own horses and dogs, and use our airplane to find stray cows. I would call myself a professional rancher, and I am very good at what I do.

My wife, Erika, was raised on a mixed grain and cattle farm in northern Alberta, near Grande Prairie. She took the same college program as I did and is 100% into agriculture. She works on the ranch beside me and raises our girls.

My dad bought our ranch in 1976. We run 250 cows and do custom vegetation management. I farm with my older brother, who is 45, and my dad, who is trying to retire at the age of 67.

Since my wife and I were married in 1999, our family income has steadily declined. Last year our net family income was \$14,284.98. I worked roughly 60 hours per week. The only reason my family can continue to do this is with family support from both sets of parents and that we live on our ranch. Every dime we've ever made goes right back into our farm. Our child tax benefit and programs like the family farm options program also help keep us in groceries. Our share in our ranch and our equity is worth approximately \$500,000, and we do not owe a lot of money personally. We are a classic example of being land rich and cash poor.

This spring my wife and I looked at buying 100 cow-calf pairs from a retiring rancher to try to bring more cashflow into our business. Even with a 30% cash down payment from my wife's parents, Farm Credit Canada declined our application. Our company, Fossen Air Ltd., was started by my dad in 1968 as a commercial crop-dusting business. The company is owned by my mom and dad and brother and me. Last year our company grossed \$250,000, with a net loss from operations of \$78,000. With this loss, we have to service a \$500,000 mortgage.

In the current situation there is no money. The only way for us not to go broke or quit agriculture is for us to start selling land. Our family has had off-farm jobs. We have run a bed and breakfast and sold produce off the farm. Our contract work makes up half our gross income. We have adapted new technologies to make us more efficient, and have cut costs and increased our cow numbers to make our ranch work. It seems like every time I turn around I have to defend agriculture. A lot of our stress comes from defending ourselves against people who seem to want cattle ranches to leave B. C.

In the news, they make a big deal about when a doctor gives up his practice because of being overworked. If I finally have to give up my ranch because financially I cannot do it any more, is anyone going to care? I love ranching, and it is the only way I want to raise my children. If prices do not double or more in the next year or two, I will be getting out. And I am the youngest person involved in the Cattlemen's in B.C.

I'll go over some points that make ranching even more difficult. We use a lot of crown land for our grazing in the summer, government land. Tree encroachment on crown land with a lack of logging now because the forest industry is so depressed and too much fire suppression make grasslands the most endangered ecosystem in B.C.

Farm help cannot get their driver's licence until they are 18 years old. Last year I had a young man working for me. I had to drive him home eight kilometres every day because he couldn't get his driver's licence. He can run heavy equipment, yet he can't drive home.

●(0830)

There's a lack of financing available just because of a lack of income. I know that there are programs like Farm Credit. There are government-backed loans, but we have a lack of income, and they don't really apply to us.

There's no money to retire my parents.

There is the threat of a park being created in southern B.C. If a park were created, we would lose more infrastructure because of our lack of cattle. It would shut down a few key ranches, and that could be the end of our stockyards in OK Falls and things like that.

There are health risks from working long hours with no pay and high stress.

Most government programs seem to spend a lot of the agriculture money on administration. A few of the government programs that helped our family ranch get through this BSE program were CAIS, AgriStability, and the family farm options program, which really helped us out. The environmental farm plan program helped us build some fencing and was a good program, and so was the heifer set-aside program. Those all have been key in keeping us around for the last few years. But as these guys mentioned, a lot of them are based on us eventually having a good year to bring profits up. When we keep going down, it's tough.

That's it. Thank you.

**The Chair:** Thank you very much, Mr. Fossen.

Mr. Lalli isn't here, but we'll certainly allow him to join us when he arrives.

We'll start off our questioning with the Liberal Party, and it will be Mr. Mark Eyking.

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Thank you, Mr. Chair.

Thank you, guests, for coming here.

I was here four or five years ago. We did a study on agriculture. And we have some of the same issues we had four or five years ago. I think, really, the sad reality is that it's getting tougher than it was four or five years ago.

I have three questions, and if you can keep answers short so I can get the three of them in, I'd appreciate it.

The first is to Madeleine on the identification of produce. The reality is that three-quarters of produce bought by Canadians comes through the retailers, even though there are farmers' markets. And there are only three or four left in Canada. My sense is that they want to see the same produce every day in every store, and they want to get the cheapest price possible.

They'll do the talk that, yes, they want to buy local. They'll advertise that. But I've dealt with them for 20 years, and the reality is that this is the way they deal with it.

First, should we be changing the signage? Even on the labels, they don't even want to see the labels. They turn them. They just want to see fruit. That's the way they're going to do it. Even though you add the label, that's the way they're going to do it. Should we be looking at signage in more Canadian stores to show where it's grown and how it's grown? Would that be a solution to identification?

**Ms. Madeleine Van Roehoudt:** Definitely. I think so. We developed some new graphics with B.C. Tree Fruits. They're our brokerage. They do the marketing and the selling, and they did some stand-alone...

They're essentially four boxes high—the height of the table—but all sides, to the ground, are covered in graphics. They're eye-appealing. They have a logo you can remember and go to, and they state the origins. I think finding ways to put that signage in the retailers is important, either on the base of the stand or above it or something. I think there has to be a way to identify those products.

● (0835)

**Hon. Mark Eyking:** So put the standards on their identification above the produce: yes, I agree with that. I think we'd have to work with the provinces, too, because there's jurisdiction. I think there has to be something done in this country. Stores will have local produce, but most of it's not local. People don't know the difference.

Dave, my next question is to you. We hear time and time again, especially from horticulture producers, and it was mentioned also about the beef industry, that it's hard to get those top years to fill in the blanks.

What changes do you think should be made in the AgriFlexibility programs to help horticulture or orchard people, especially. What are a couple of big ones?

**Mr. David Machial:** What changes should there be, aside from an overhaul?

**Hon. Mark Eyking:** Should the programs be specific to different commodities, maybe?

**Mr. David Machial:** It's tough to say. I know that with AgriStability, as I said, once you have three bad years, it's not going to help you.

My parents talked about the old NISA program. You're probably more familiar with that than I am. They thought it was a good program. It was a way to get money to help them, and they would like to see something like that come back.

I know that in British Columbia, when they introduced the agricultural land reserve, they had a funding program. Growers were paid a little bit per pound to compensate them for having their land locked into the ALR. Our B.C. government removed that, but that was a nice program that a lot of farmers miss and wish they still had.

I think something along those lines would be an improvement.

**Hon. Mark Eyking:** The last question is for David. You talk about being in Europe. My parents are from Europe, and there is a whole different philosophy about farmers in Europe whether it's education or a recognition. I think the sad reality in Europe is they went through hungry years, and somehow they have a different concept of the importance of agriculture. We lose that because we've never had that in North America.

Let's say I was a young farmer coming from Europe, and I had three choices in where to go—New Zealand, or Washington state, or here. It seems like Washington determines the price of a lot of tree fruit here. Would it better to go to Washington? Are there better programs there? Is it better for growing? Or are they having the same problems down there?

What's the difference, I guess, if I were thinking of moving here or were a young farmer starting out? Where should I go? Or what's different down there from what's up here?

**Mr. David Dobernigg:** There are a couple of differences between here and there. The first is land prices. I think here you've heard \$100,000. In my area it's probably closer to \$40,000 an acre. I've heard Washington state in some areas is around \$5,000, so just the ability to get into it is easier.

You do have Washington State University, which is quite into its horticulture program. You do have the extension, the ability to learn.

The way they're producing, it sounds like they're getting most of their water through us...through the Columbia Basin. Water's a huge issue here. I would imagine it would be somewhat similar in Washington state. However, their production is so much bigger; they must have larger quantities of water available.

They do have the larger Farm Bill, and it's my understanding that there are lots of food stamp programs. So their governments are buying their food as well.

**Hon. Mark Eyking:** For Washington state and the U.S., there's a bigger support for the orchard industry overall down there than probably here.

**Mr. David Dobernigg:** I believe so, yes.

**The Chair:** You have one minute if you want, Mark.

**Hon. Mark Eyking:** Yes.

To Mr. Fossen, can you tell me a little bit about your operation? We always think, because I'm from the land of coasts, that we can't make money in beef. My family's into beef and they're just ready to give it up. It's a mixed farm, so their costs are lower than some other beef farmers. We think everybody out west must be making money on beef because we're not making it.

So what do you see in the beef industry? On the retail side, the prices are still up. Do you think there's a bigger gouging between what the ranchers and farmers are getting, between them and the other end? Is that spread getting more and more? Is that part of the problem here?

**Mr. Doug Fossen:** Ian has some actual numbers that I would ask for him to give.

**Hon. Mark Eyking:** Yes, go ahead.

**Mr. Ian Hutcheon (Member, Board of Directors, Southern Interior Stockmen's Association, British Columbia Cattlemen's Association):** I have actual numbers. A former director of Canadian Cattlemen's went through the prices. It's very difficult because of the long supply chain to sort out what comes from where. They priced out a calf who leaves our ranch around 600 pounds. By the time he hits the grocery store shelf, he's worth \$3,080.

I don't know how many of you have ever been cow-calf producers, but nighttime is a busy time, often, and the cow-calf producer gets \$590 of that \$3,080. It's just not sustainable. Your costs are easily \$200 or more per calf. These folks all complain that...

What's that, Doug?

• (0840)

**Mr. Doug Fossen:** Perhaps you can mention the retail part.

**Mr. Ian Hutcheon:** Oh, yes.

The retail cut is 55%. Basically, after it leaves the packer—in other words, they've killed the cow, put it in bags, and sent it to where it winds up on your grocery shelf—they're taking 55% of that \$3,080. And that share has been increasing continuously.

I say to my mother, "What do you think of beef?", and she says, "It's expensive." So we give it to her.

It's just an untenable situation to have that kind of money when people are telling you that beef is expensive. People do study after study, and they say, well, the demand is low. But the demand is low because someone's taking too much money off the table, and it ain't us.

**Mr. Doug Fossen:** I'd like to make one more comment.

We've been looking at moving to Saskatchewan. We too think the grass is greener on the other side of the fence.

**Mr. Ian Hutcheon:** The fence is in the other direction.

**Mr. Doug Fossen:** Yes.

The cattle industry all across Canada is just tough. There's no easy way. We've looked at southern Saskatchewan; if you aren't able to run 1,000 cows down there... Most people say you don't want to go down there, you'll just starve to death.

I think there is a chance if we can make our product more into what people... Some of our calves right now are marketed on Vancouver Island. There's a custom packer over there, called Westholme Meat, and he markets natural beef. He markets about 20 head a week.

I think there is some price incentive to go in those directions, but as a whole industry, I'm not sure how.

**The Chair:** Thank you.

There's just one note I'd like to follow up on, if you'll allow me.

David, in your presentation you mentioned 10-acre lots, or used that as an example, with a big house built in the middle of them. This could go to the other David or to Madeleine.



I have to compete in my area. I live right near Georgian Bay. It's a large tourist area, so the farms there are bought up largely by people from Toronto, which escalates the price. There are also stipulations in there. If it's graded as what they call number one agricultural land, and if it's a vacant farm, they can build one building on it.

My question relates back to your comment about a 10-acre lot. I'm presuming that this is good agricultural land. We have things in place in Ontario that would prevent somebody from coming in and taking that out of production.

Is there a lack of provincial or municipal rules to deal with that kind of thing? Could either one of you comment on that?

**Mr. David Dobernigg:** Yes.

These are zoned 10-acre lots. Previously, they were all part of a larger farm but still with separate titles. As you sell off each of the titles, you are entitled to put a home on each title if desired; however, you're limited to that one. So you can't take that 10 acres and keep dividing it down and putting more and more houses on it.

**The Chair:** Do you think it's a mistake to allow them to be severed into small chunks like that to start with?

**Mr. David Dobernigg:** Probably in terms of having a farm large enough or viable in the area, it's a mistake. In terms of land use, it's starting to get so high that I'm not sure if you can make enough from agriculture to support that land. Building a house, you probably can.

**The Chair:** Thank you.

We'll move on.

**Ms. Madeleine Van Roechoudt:** I think that's how farmers retire. They sell a lot off, and then they don't have as much to do. They can then farm on not such a full-time basis, and they have some more money coming in. That's how that's been regulated. With the agricultural land reserve it is stipulated that it can't be turned into a subdivision or... It has to remain for food production. If they want farm status for their property taxes, then they have to be farming that land according to the requirements of B.C. assessment.

**The Chair:** I can understand them selling it off to retire, but would you not agree with me that it's actually a detriment to young people and the future of agriculture because it just keeps going and going? I'm just playing the devil's advocate here.

•(0845)

**Ms. Madeleine Van Roechoudt:** I see your point, but if we can't afford to buy it anyway, then maybe someone else should buy the house and rent it to us.

**The Chair:** Okay. That's a fair comment.

We'll move on to Mr. Bellavance for seven minutes.

[Translation]

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Thank you very much, Mr. Chair.

I will give the people who need the simultaneous translation some time to get properly set up.

Thank you for your testimony. When we came up with the idea of doing a study on the future of agriculture, I first said to my colleagues that, while it was important to think about the future of

agriculture, we also have immediate problems that we have to try and solve in order to be able to save agriculture as we know it today. We cannot always have the status quo in everything, but what do we do to make sure that agriculture always moves forward and has a future? At the moment, we have a lot of unsolved problems.

I felt that it was more important to try to solve our current problems first before we think to the future. But one does not preclude the other. Your testimony confirms my thinking in that most of you pointed out the problems in the AgriStability program specifically.

Ms. Van Roechoudt, you mentioned the AgriStability program, as did Mr. Machial and Mr. Dobernigg. When the AgriStability program was established, I told myself that we had to give it a chance. You never know how a program like that will play out. I was afraid that the AgriStability program might be very similar to the previous government's CAIS program that was severely, but rightly criticized. Eventually, it was changed.

But I felt that adopting the AgriStability program was like trading six of one for half a dozen of the other, as they say. When it comes right down to it, there is no difference between it and the CAIS program.

So first, I would like to know if you share that view.

Second, I would like to know what changes could be made to the program to make it adequate and responsive to your needs. You pointed out the fact that, if producers have several years of poor yields, they no longer have access to the program and are left to deal with the problem on their own.

[English]

**Ms. Madeleine Van Roechoudt:** I'm not familiar with the previous program so I can't compare, but this program is meant to equalize fluctuations in the market. When you have ups and downs it helps keep your income stable so you can count on it.

In our industry we have diminishing returns. It's an average over three years, so it won't bring you back up to where you were five years ago; it will only bring you to that average. If your returns are continually going down, the amount helping you also goes down. So it doesn't solve the problem. The problem is our marketplace and being able to sell our products at a fair market value.

**Mr. David Dobernigg:** The previous program was known as CAIS, and it was a margin-based program as well. AgriStability looks very much like CAIS in the way it operates.

The problem with the margins-based program is that if you don't have those margins, it won't help you. I think when the ALR came into existence, the program that Dave Machial mentioned earlier, I think, was the farm insurance program. It was a cost-of-production program that ensured you would at least break even and be able to cover your expenses.

So a program that looks at cost of production might be helpful.

• (0850)

[Translation]

**Mr. André Bellavance:** Are there any other comments?

[English]

**Mr. David Machial:** They have pretty much covered it. Basically we need something that guarantees us our cost of production, because this margins-based program isn't working. If it does kick in it just gets smaller and smaller, to the point where you don't get anything from it anyway.

You have to pay to be in the program. I didn't go into it because my parents were in CAIS. They never saw anything from it, even though put money into it. So I took the approach that I'd rather just keep the money and put it in my pocket rather than depend on something that might not be there for me.

[Translation]

**Mr. André Bellavance:** What I am hearing here in British Columbia, I have heard everywhere we have been. In Quebec, I am in constant contact with agricultural producers. This is exactly what they say.

Grain producers have proposed the idea of a genuine AgriFlex program. When the current government launched the AgriFlex program just before the 2008 budget, it decided to invest \$500 million. If it had been a real AgriFlex program, it could perhaps have made up for the fact that AgriStability did not cover production costs. But this program was not the one that had been initially proposed by the Canadian Federation of Agriculture, because it did not include risk management. The grain producers' request was for a program to support provincial programs.

I do not know whether British Columbia has provincial stabilization programs of that kind. In Quebec, we have the ASRA, the Farm Income Stabilization Insurance program. In Ontario, they have the production insurance program. A genuine AgriFlex program would support and complement provincial programs in order to meet specific needs.

We do not have that at the moment. I do not know whether British Columbia has provincial stabilization programs of that kind. If not, should there be one? I know that it is not the role of the Standing Committee on Agriculture and Agri-Food to tell British Columbia what to do. Do you have programs like that?

[English]

**Mr. David Machial:** No. There used to be what was called Farm Income Insurance. It was introduced when B.C. implemented the agricultural land reserve to compensate farmers for having lost their land. I think in the late eighties the B.C. government decided to eliminate that program. We would love to have something like that back.

**The Chair:** Are there any other comments on that?

Madeleine.

**Ms. Madeleine Van Roechooldt:** We need these programs as a backup, but we also need to get our profitability back. That goes to what Dave was speaking about before. If we restrict imports to at least the standards under which we're producing our own fruit, then at least we won't get the dumping and the below-cost sales. It might eliminate some of that.

Our industry sells apples to England, and England requires that we meet the standards of their own producers. There are certain chemicals that they restrict. If we want to sell into their market we can't use them, even if they're legal in Canada. I don't know what that means for you, but if we at least import things that meet the same standards of what we're producing, that would give us a little more.

**Mr. David Machial:** I know from working at my parent's packing house that we export a lot of our apples to Mexico, Taiwan, and even Dubai. All of these places have very specific restrictions if you want to sell products in their countries. I'm sure in Canada we have restrictions, but I'm not too familiar with them. It would really be nice if food coming into Canada met the same requirements as food grown in Canada. That's very important, and it could go a long way to helping us be more competitive and solving some of the longer-term issues in this industry.

• (0855)

**The Chair:** Thank you.

Mr. Atamanenko, you have seven minutes.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thanks to all of you for being here.

A number of themes seem to crop up as we enter into these discussions and try to solve how we can get out of it. The bottom line is that if you folks had some income and you could make a living, then we wouldn't need all these programs. That's the bottom line.

I forget who mentioned it, but a \$14,000 net income isn't really a livable income. How many of us would work for that?

Our policy for a number of years has been to try to open up more markets, to sign different agreements, including trade agreements and free trade agreements. All of the agricultural industry is involved in that, with the exception of supply management, where we have been able to protect it thanks to the credit of this government and others. And yet we're seeing...

I did a little tour across the country on behalf of my party, talking to people about the whole idea of a food policy and what we should be doing. One of the themes coming in was that trade agreements have really hurt us. Before NAFTA, for example, there used to be in-season tariffs so that when you produced apples you could get a fair price for them. Now we're being bombarded by Washington state apples, which come from a subsidized industry. As somebody mentioned, we've helped them get the water for that.

There's something not quite right that we have producers who are working hard but can't make money, and yet we sign agreements and allow other products to come into this country that often don't meet the same standards.

I know there's been some talk in the fruit industry of orderly marketing, of late, especially. Should we be looking at some method of orderly marketing or floor price for our fruit?

Also, in the cattle industry, in *Country Life* I read a little while ago some gentleman came out with his case for orderly marketing, even though this has been a taboo subject for the cattle people.

Is it time now to start thinking about something like that, just to save our industry?

I'll just leave it at that and get some comments, please.

**Mr. Doug Fossen:** Can I make one comment?

I agree, I think it is time to... I'm very appreciative of what the government has done for our family, that we're still here, but there's no way that we can make up for our lost income with programs.

I like the idea of bringing in some sort of marketing control, because when we market our calves in the fall, we bring a premium product to market. We do get a bit of a premium for that. It will be 5¢ to 10¢ a pound higher than what the low-end cattle will be.

At the last sale I was at, I saw some really poor-quality cattle. I sometimes wonder if we could just eliminate that end through a marketing board. A lot of the time it's small operators who just have a few animals. If we could control who comes in and our overall quality, that could also help our whole marketing situation.

**Mr. Alex Atamanenko:** How about the fruit industry?

**Mr. David Dobernigg:** Am I the fruit industry?

**Voices:** Oh, oh!

**Mr. David Dobernigg:** Yes, it's definitely an idea. We recently started a Facebook page, "I support Okanagan tree fruit farmers", and a lot of the discussion on that has been about a supply managed approach. For a lot of people who are connected to the industry and have concerns about the industry, it is on their tongues, it's something they're thinking about.

Certainly any investigation into something along those lines would be appreciated.

**Mr. Alex Atamanenko:** I would say that this would have to be across the country if we were to institute something like this. I imagine there have been some consultations with other folks in other parts of the country in regard to this.

● (0900)

**Mr. David Dobernigg:** There is also the national apple working group. I did see Joe and Glen here, and they usually do participate in that. I believe supply management has been mentioned at that level as well, at that national level.

**Mr. Alex Atamanenko:** What about the idea of a floor price? If you had just a bottom line, you could not sell your apples for less than so many cents a pound, how would that work?

**Ms. Madeleine Van Roechoudt:** My concern is that there has to be something for quality. You don't want just anything to make that; you still need some incentives to grow a quality product. So I think those would have to be in place for that type of floor pricing.

**Mr. Alex Atamanenko:** I guess I still have a minute for a question for you folks.

The NFU came out with a report, and the Canadian Cattlemen's Association has a report. Is there anything in the NFU report, for example, and their recommendations that could work?

There has been some controversy. Some people are saying yes, and some people are saying no. On the ground, what is your reaction there?

**Mr. Doug Fossen:** The National Farmers Union report talked more about the packers consolidating and controlling the amount that they can pay for livestock. There's a lot of that I agree with.

I don't know if you want to comment, Ian.

**Mr. Ian Hutcheon:** The packers take only \$200 out of that \$3,080. I mean, I'm not a fan of the packers either—it's largely an American-dominated industry, and it's easy to find a bogeyman and think they're the bad guys—but when these numbers come out, they show that the packers are taking \$199. It's very difficult to verify these numbers because of the way the beef supply chain works, but they can't be out that much.

I'd love to hang them out to dry, but these numbers have to be out by 300% or 400% before we can do that. It's the grocery stores. It's as simple as that. Canadians are paying at the counter, but that money is not going back to the producer.

If we were to go to supply management in this country, I might as well shoot all my cows now, because beef from Canada leaves this country. I don't know what the exact number is—I wish I had it at the tip of my fingers—but most of the beef we produce is an export product.

I have the benefit of a former life and an income that can let me travel, and I have other jobs that let me travel and that support my farming habit. I'll tell you, we make the best beef in the world, because I've eaten all of it everywhere. Only Argentina can even come close to competing. Now, you can buy beef from New Zealand; if you like eating old, tired dairy cow, have at 'er.

We have to promote our product. If we're going to increase or even sustain a beef industry in this country, it has to be supported on a bigger share of the local dollar going to the producer and the quality of that product. We produce a superior product, a far superior product. Unless we can get the same cost structure as our competitors...which we can't, because our land is more expensive, our drugs are more expensive, everything we do is far more expensive, not to mention the 7% carbon tax on a \$10,000 fuel bill here.

We can't have it at both ends. We can't be getting taxed into the ground and getting no money back. It just does not work. It's going to kill... Well, I'm double Doug's age, and I don't see much of a future for young folks, unfortunately.

**The Chair:** Thank you.

Just on that note about the percentage, the last time I looked at the numbers, we consumed about 46% or 47% of all the beef grown in Canada. The rest was exported. I might be out by 1% or 2%, but it's around there still.

Mr. Cannan, for seven minutes.

**Mr. Ron Cannan (Kelowna—Lake Country, CPC):** Thank you, Chair.

Thank you to our guests.

I welcome all my colleagues. I sit on the human resources and international trade committees, but as the member of Parliament for Kelowna—Lake Country, it's an honour and a privilege to welcome my colleagues as well as our local young farmers and farmers of all ages, who help create the quality of life that we so take for granted.

I spent nine years on city council, and 43% of the land in Kelowna is in the agricultural land reserve. Many people treat it like their public park space. It's something that we have to realize is not going to be there forever if we don't manage it properly.

I know one of the realities that was raised—actually, they're discussing it today at city hall—is that some communities across the province have a local bylaw whereby you can have your own chickens in your backyard, creating a little controversy for the local homeowners.

But on a macro scale of farming as a profession, I agree that one of our biggest challenges is the land cost, as you alluded to, Madeleine, the fact that we're looking at the people who buy the property and then enjoy the beauty and lease it out. It's almost a subtenant perspective, and it isn't sustainable in that manner either.

I have a couple of questions specifically for you, to start. You talked about how there are limited programs for farmers. I know the province started a B.C. young farmers program a couple of years ago and tried to get some ideas for it. You mentioned \$500,000 as the

maximum guaranteed loan. What would you see as being more realistic, then, specifically for B.C. and the Okanagan farmers?

• (0905)

**Ms. Madeleine Van Roechoudt:** That just guarantees your loan. It doesn't say anything to the terms of the loan or the interest or provide you with a market to sell your product. I'm sure it might be helpful in some cases, but it's also not accessible to a larger farm. I'm not sure what the statistics are on what a viable size of a farm is, but I'm sure it's probably larger than five acres.

**Mr. Ron Cannan:** In your research, if you come across any suggestions that you can put in a written submission later on, we're happy to take that information as well.

I also concur with my colleague Mr. Eyking. With regard to the marketing and branding, we had a successful brand in B.C., “buyBC”, which sort of waned off. They're trying to bring that back.

Minister Ritz came to Kelowna and the Okanagan in January and spoke with the BC Fruit Growers' Association. I'd like to thank Joe and Glen and his team for their hard work as well. We work closely with them when they come to Ottawa.

We do have the agricultural research centre in Summerland, in which we invested a few million dollars when Minister Ritz came here, in addition to the planned innovation company. It's doing some great research, I might add, to help look at ways in which we can move forward.

We are looking at two situations right now: one is the short-term crisis for the farmers, and the additional one is in the long term. How do you see the government's role in the short term versus the long term for a sustainable agricultural community?

That's to you or anybody else who wants to jump in from the farming community,

**Mr. David Machial:** In our industry, specifically in the short term, we need cash and we need it now. I know the BCFGA went to the province looking for \$10 million just to help get us through this down time and we were denied. So what we need is liquidity and we need it fast.

In the long term there are some great ideas here. We need to push toward better branding. We need to try to create fair trade, and we need to improve upon the existing federal programs that support agriculture.

**Mr. Ron Cannan:** So there's partnership in the provinces and willing to bring cash... What is the next best to help? Would it be to lower your input costs? Any other suggestion?

**Mr. Doug Fossen:** With our use of crown land, sometimes just the ability to do small projects can really help us out—permission to clear fence lines, and have thinning programs done. We seem to have to get a permit in B.C. to do all sorts of things. For example, our ranch has had cattle on it since 1898, and a highway goes through the centre of it. Now we're told that we're supposed to have a permit to chase cows across that highway. Cows have been crossing it since it started. It's just little things like that.

We have time to do work and we don't mind doing that, but I don't really have time to do more paperwork.

The other day I asked if it was all right if I shot some crows. I asked if you are allowed to shoot crows or ravens if they are pestering your calves during calving time. The answer I got back from our agriculture person was that there was no bag limit on crows; you're allowed to shoot crows, but you need a permit to shoot ravens.

So I can't tell the difference anymore between crows and ravens.

**Voices:** Oh, oh!

**Mr. Doug Fossen:** It's the same if I go to cut rails to build a fence; they'll give you a permit to cut rails, but then they say they have to be bent and crooked rails, or from dead trees. Well, in the end you just do what you have to do.

Little changes like that could make our life a little bit easier, as well as getting the general public to like ranching and not be quite so quick to bash what we do in agriculture.

I'm sure it's the same with the fruit growers. When somebody drives by and sees somebody spraying trees, it's "Oh, what are they spraying?"

Well, you are living in an agricultural background: maybe some support, saying things like, "Back off from that cattle liner, because you might get some manure on your window" might help us deal with ranching in these more and more condensed areas.

• (0910)

**Mr. Ron Cannan:** Okay.

Moving on with regard to pest management, one program that has been very successful in the Okanagan...

For my colleagues, there will be an executive summary sent around. Unfortunately we didn't have it officially translated into French, so you'll receive it when we get back into Ottawa.

At any rate, this has to do with the sterile insect release program, and it's a little bug called the codling moth. It was something that was causing all kinds of problem in the southern parts. It came across from the U.S. and into the Okanagan, so the sterile insect release program is a partnership between regional taxpayers and the farming community.

I'd just like to know from the farmers if you think this is a program that should be sustained. Maybe the governments could play a role to help lower your costs and to make that part of your business in a healthy and more natural future, so we can eliminate some of the pesticides.

**Mr. David Machial:** That's a great suggestion. SIR has worked. In my area, anyway, I no longer have to spray for codling moth. The problem with SIR is that as the acreage goes down, those people still in apples have to pay more. So definitely, if the federal government could come in and help out, that would be great.

I was also talking to someone working for SIR. Basically what they do is they take this moth and they sterilize it using radiation, I think, or some kind of machine, but that machine is getting old and needs to be replaced. They're scrambling, wondering where they're

going to get the money for this new machine. So even aid for something like that, just to keep the cost of the SIR down, would definitely be welcome.

**Ms. Madeleine Van Roechooldt:** I think there is also room to expand the program to other pests, such as a new one called the spotted wing drosophila. It is a vinegar fly that lays its eggs in ripe fruit, which is different from other flies that lay their eggs in rotting fruit. That affects soft fruits, so blueberries, cherries, strawberries, and I think maybe even apricots, and grapes.

There's room to expand this sterile insect release program to other pests. The apple clearwing moth is another one decimating orchards in the south end of the valley.

**Mr. Ron Cannan:** Is labour a big issue for you folks?

**Mr. Ian Hutcheon:** No. There's lots of it.

**Voices:** Oh, oh!

**Mr. Ian Hutcheon:** You just can't afford to hire anybody to help you.

**Mr. David Machial:** Labour is an issue because our work is seasonal and no one wants to pursue a career in a seasonal type of job.

For me, I'm involved in the SAWP program. I bring in Mexican workers. That's been a godsend. In the past, people would say, "Oh, yes, I'll work for you, I'll work for you," and then they wouldn't show up the next day, which meant I had to scramble to get the 50 bins of apples off that day. It's just a real headache.

It's kind of funny; when you listen to the radio, you hear about how there are a lot of unemployed Canadians, and yet I have trouble finding Canadian workers for my farm. So maybe another possibility is that someone could be on EI or partial EI and work for a farmer at the same time, to kind of have that incentive to go and do some seasonal work. It's just a suggestion.

**The Chair:** Thank you.

I believe that is already there, that people are allowed to make up to so much money while drawing unemployment. They have to declare it, of course, but it is there. I don't know all the details.

• (0915)

**Mr. David Machial:** Do you know what the amount is?

**The Chair:** No, I don't. I could try to find out. It would probably be easier for you to find it out yourself. But if you don't, get hold of your local MP, whoever that may be, and I'm sure he could get that.

Before we go on, Doug, I was chuckling to myself about your comments about crows and rails. You will find out that in the bureaucracy, and that's what you're dealing with, there's absolutely no common sense there. Whatever it says in their little black book, that's what they go by. We all know as farmers sometimes it's easier to ask for forgiveness than it is permission.

Mr. Valeriote, you have seven minutes.

**Mr. Francis Valeriote (Guelph, Lib.):** I would like to thank everyone for taking time out of their busy schedules to be with us today.

I assure you that many of the comments that have been made are completely consistent with what we've heard over the past year and a half of our agriculture committee meeting with people coming to Ottawa, particularly with respect to the AgriStability program and the failure of what I think they called the "olympic" model and the averaging. As well, there's the absence of harmonization of regulations between us and other countries who don't seem to meet those regulations, or have to comply with regulations that are as onerous, I suppose.

I want to get a better idea of the land value. If I can summarize it, the cost of land has gone up, which makes it difficult for new farmers to buy that land. Others buy that land for recreational or residential purposes and make it impossible for you to rent the land. As I understand it, the third factor is that your parents, or retiring farmers, are more inclined to sell their land because it's really the only return they get on their farming to use to prepare for retirement. So they are more inclined to sell it than pass it down, maybe, to others.

To either David, does that summarize it in a nutshell?

**Mr. David Dobernigg:** I'm not entirely sure whether they are "more" inclined. I think if they have a willing offspring who is happy to take over the farm and take on that risk, they are usually more than happy to pass it on to them.

**Mr. Francis Valeriote:** So if they pass it on, the cost of the land isn't as much of a factor then, if it's going through from one generation to the other? Or are you telling me that you need better succession planning rules as well? I'm trying to head into that direction—the tax laws and things that help you move a farm from one generation to another.

**Mr. David Dobernigg:** Yes, and we're working through that right now.

I think the tax laws, especially for passing on farm land, are actually quite fair. We're working through that right now, and there doesn't seem to be too big an issue with it.

The problem is that really seems to be the only way to get into farming right now, to have that land passed down and passed on. You might have 50% or 25% being able to pass it on to the next generation, and then the other farmers will sell it off, so you have a smaller base for each generation in agriculture. The price of land, if you're getting it passed down, isn't that big a deal, but if you're new and trying to get into it, that's very difficult.

**Mr. Francis Valeriote:** Okay.

Doug.

**Mr. Doug Fossen:** As an example of that, our farm bought land in 2005. We bought 1,250 acres, and we paid \$950,000 for it—which is a little less per acre than the fruit growers, but...

Our plan, in order to buy that land, was to sell more land and do what they call bridge financing. We financed the whole purchase price, plus Farm Credit wanted to take over our farm mortgage, so we took out a loan for about \$1.3 million. We then sold off a 15-acre piece for \$125,000 and a 25-acre piece for about \$127,000. That was ALR land that we actually worked and took about two to three years to subdivide. It was rough land that we didn't use for our cattle operation. It was divided by roads, and we were able to subdivide those and sell them.

The type of the place that we bought was 1,250 acres, and we sold a 60-acre home site off there for about \$330,000. Then we sold a 200-acre block at the back for about \$425,000.

In essence, we almost paid for that, our remaining 850 acres, with land that we sold. The hard part is that because there is so little income in agriculture, we might have to go one more lot, and if we have to go that lot, it will take away the value of that.

There's money to be made in buying, selling, and chopping pieces of property, but it doesn't change the fact that there's no money in the agriculture itself.

● (0920)

**Mr. Francis Valeriote:** Right.

Could I ask you a question on regulations then? I spoke to somebody from XL Foods yesterday. I ran into them in the airport. We were talking about SRMs and the treatment of SRMs in Canada versus in the United States, an issue we're all familiar with. He was of the opinion that it was a good thing that we imposed those kinds of regulations, because it will fortify the integrity of our beef and our cattle industry.

My concern, however, is that it's put us at a competitive disadvantage. I look at the regulations on the one hand, and I think this is great, and we're proving ourselves as having a better farming industry in Canada with higher standards. Yet we're killing ourselves.

Could either of you comment on the balance that needs to be achieved? On the one hand we keep saying, oh, we have to have these high food standards and high health standards. And we do. On the other hand, one of you talked about everything being dumped into Canada at the very end of the year and about us not being able to compete. Can you comment on that?

**Mr. Doug Fossen:** We recently took a tour of a slaughter plant down in the U.S., in Washington. The SRM that they remove from the animal totals five pounds. So they have to deal with five pounds of specified risk material, which is like a spinal cord and a bit of the brain, the cerebellum, I think.

In Canada, we're dealing with 100 pounds of what we call SRM. That's the difference.

When you ask American slaughter plants what they do with their SRM, they basically say, "What?"

We are being penalized.

**Mr. Francis Valeriote:** Let me be specific. The government is providing \$25 million to deal with it, and it's appreciated. I'm applauding that. I spoke to XL Foods, and they're appreciative of it too. We're not sure that this is the only answer.

In my mind, I'm wondering if we should lighten our standards a little on this SRM thing. Should we allow a little more of it to be used for animal feed? Or do we keep those high standards and just keep plowing money into the industry to somehow deal with its disposal? There has to be a balance here.

What are your thoughts?

**Mr. Doug Fossen:** I think our standards are sort of killing us. It's hard; we can't compete in our world market when...

In the BSE situation, in our whole cattle industry we've had 14 cases of BSE. In Britain, when they had their BSE outbreak, I think there was somewhere around 250,000 cases of BSE. None of our animals that had BSE were ever processed and made into food.

**Mr. Francis Valeriote:** Can you be more specific about that balance and how we might achieve it?

**Mr. Doug Fossen:** I think just calling it specified risk material, they could definitely narrow the window on...and how much volume that is. That little processing plant on Vancouver Island that I was talking about: it costs him \$30,000 a year to deal with specified risk material.

I think if we could cut down the amount of rules, as long as we know that's not going to cause the disease in something else, we should be able to make it into compost or do something to get rid of it without the cost.

**The Chair:** On that point, Doug, the Americans have to do the same amount of SRM removal that we do, but the one example that's really blatant, where they have a benefit over us, is that we are allowed to make our SRMs into fertilizer but only to be spread on lawns or golf courses. We can't spread it on agricultural land.

There is a move on right now to try to get it approved so that we can.

I think that's a big difference. What that basically does is that it allows the packer or whoever to recoup some more out of a carcass, which in turn should benefit the producer. That's only one example.

We'll move to Mr. Lemieux for seven minutes.

**Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC):** Thanks very much, Chair.

Thank you for being here, and thank you for your presentations. They were excellent. It's clear to me that you put a lot of time into basically condensing your points into manageable bits and pieces. I appreciate the time you put into presenting us with your thoughts.

To follow up on the BSE issue, it's true that we have a fairly high standard, but I do want to say that we use that high standard. Back in 2003, Canada really suffered in the eyes of the world with respect to BSE. There was a real onus on us to open foreign markets, and one of the ways we do it is with the sound science argument. So the procedures and protocols we have in place for SRM are used to great effect by, for example, Minister Ritz when he goes international, to basically gently force open or more forcefully force open export markets. He's had tremendous success that I think in the long term will benefit our cattle industry.

It's one of the things he leans on when he goes to Korea. He says, "Listen, you have no argument to keep your borders closed to our beef, and they've been closed since 2003." When they say, "Well, we're worried", he says, "Worried about what? We do this. We have this. We do this. We have all of these procedures in place."

The idea is to use those procedures to basically force other countries to open their borders. As I say, it has been successful.

• (0925)

**Mr. Doug Fossen:** I completely see that point of view. We do have very safe product in Canada, and I'm proud of that fact. But with our BSE situation, I believe we're still at about 50% of the markets that are not open.

So there does come a point where, well, it's been seven years and the market's still aren't open, so are we killing ourselves with this, or are we actually still getting our markets open and getting back into that global market?

**Mr. Pierre Lemieux:** It's a good point, and I can assure you that we are opening markets. In fact, Minister Ritz was just in China.

In the last two years he's done tremendous work in terms of opening markets. Every time he travels, there's an announcement that follows that this country is now open to our pork, to our beef, to our crop farmers.

They're still being opened, I can assure you of it.

**Mr. Ian Hutcheon:** If I could add one comment, I do appreciate the work that Minister Ritz has done in that regard. I think it's important and I think he's done a great job. Like the tree fruit people, it would be nice to know... We do import beef. You perhaps may not realize that simply because we export it does not mean we do not import it, and I think that beef should be held to the same standard, regardless of what that standard is.

I've seen cattle production in some of the major places we import from, and I can pretty much assure you that they do not hold to the same standards we do.

**Mr. Pierre Lemieux:** Yes, you raise a good point. I actually want to come back to that, particularly on the fruit side.

One last thing I do want to talk about and ask you a question on is programming. It's always a challenge for governments because we're always trying for balance, for what I call a level playing field, which is something that farmers want, but they also want regional flexibility or commodity-based flexibility because no one program will satisfy the needs of every commodity.

With the federal government, basically our programming is focused on levelling the playing field, making sure that our programs apply to as many commodities as possible in an equal way across Canada. Provinces have a key role to play in what I call regional flexibility.

For example, you were mentioning Saskatchewan, Doug. The grass looks a little greener over there for beef farming. That's because of regional flexibility that the Saskatchewan government is focusing, for example, on beef farming. In Ontario there is very much a focus on supply management. Out here it might be more on horticulture, but some of this regional flexibility and some of these cost-of-production programs come from the province, not from the federal government. I did want to highlight that, but I am very interested in some of the numbers.

David, I think you were talking just about the apple industry and you were saying your cost of production is 22¢ per pound. I just want to confirm this.

**Mr. David Machial:** On average it is 22¢ per pound, yes.

**Mr. Pierre Lemieux:** When you sell your apples, you are getting about 13¢ a pound.

**Mr. David Machial:** Yes, that's the average.

**Mr. Pierre Lemieux:** Right.

Just to give me an idea, over how long a period of time have apple growers been in that negative situation where the cost of production is higher than the cost of sale?

**Mr. David Machial:** It's been really bad in the last three years. One thing that really killed us was the Canadian dollar. Now it's up at par and about four or five years ago it was around 78¢ American or something like that, and that is a huge difference right there.

• (0930)

**Mr. Pierre Lemieux:** What percentage of Okanagan apples, for example, are sold to Canadians? What is your domestic market versus your export market? Do you happen to know?

**Mr. David Machial:** I don't know for the entire industry. Specially for our packing house the bulk of it is export because we rely on producing really high quality and going for more niche markets.

**Mr. David Dobernigg:** As an industry we are heavily focused on western Canada, probably out to Saskatchewan, being that far west, and then there are quite a few markets down into Mexico, California, and those areas as well. But I think they focus on western Canada because prices are probably the best in western Canada.

**Ms. Madeleine Van Roechoudt:** I believe it's western Canada and then western U.S., and a small portion is exported overseas.

**Mr. Pierre Lemieux:** Right.

Do you know what the percentage of Canadian sales versus export sales would be?

**Mr. David Dobernigg:** I'm sorry, I don't know.

**Mr. Pierre Lemieux:** I'm just trying to get a feel for the impact of the dollar. If domestic sales are quite high, then the impact of the dollar would be less.

**Ms. Madeleine Van Roechoudt:** It's not so much that you're selling overseas or you're exporting. It's that the price is set in Washington state, because they're producing 100 million boxes and we're producing 2 million boxes. Washington state sets the price. A favourable exchange rate at \$20 a box is actually \$25 Canadian, and you have to take that price even if you're selling in western Canada.

**Mr. David Dobernigg:** It's also my understanding that most retail is priced in U.S. dollars. So the listing price that you're selling at is in U.S. dollars. Then when you convert it back to Canadian you're getting fewer Canadian dollars for the U.S. pricing. That is my understanding of how it works.

**Mr. Pierre Lemieux:** Right.

**The Chair:** Your time has expired, Mr. Lemieux. We may get back to you.

Mr. Richards.

**Mr. Blake Richards (Wild Rose, CPC):** Thank you.

We sure appreciate you all being here to share with us today your background and your experiences as young farmers.

I want to just touch a little bit on the topic that Mr. Lemieux just was talking about with exports. I understand that you really don't have some of the information concerning the fruit farming industry in terms of exactly what percentage of your industry is exporting and what is being used domestically, but maybe I can just get a little bit of background from you on your own particular operations.

I have to admit that, coming from Alberta, I don't know as much about your industry as I do about the beef industry. Mr. Fossen went to college in my riding. I'm familiar with cattle country but not so familiar with the food industry, so I'd like to just hear a little bit more about it.

I know you can't share with us today the statistics on what percentage is export and what percentage is consumed here domestically, but maybe in terms of your own farms or your own orchards help me to understand where your product is sold. Who do you sell to? Is it a distributor? What percentage from your own farm or your own orchard is sold here in Canada, and what percentage is sold in the United States or elsewhere?

**Mr. David Machial:** I can start.

My soft fruit—cherries, nectarines, apricots—are sold 100% here in Canada. The peddlers, the fruit salesmen, have connections with produce managers and smaller retail firms. They come to my farm and buy 10,000 pounds of cherries and then take them out to Alberta or Saskatchewan.



My apples go to our packing house. The packing house doesn't actually sell the fruit but contracts out to a broker, who then has connections with different clients. For us specifically, varieties like McIntosh and Royal Gala tend to stay here in Canada. I know that the Mexicans seem to like our Golden Delicious and Red Delicious, so all of those go down to Mexico. The sweeter varieties, like Fujis, tend to go overseas into Taiwan and China.

That's the breakdown.

**Mr. Blake Richards:** Does anyone else have anything to add to that?

**Ms. Madeleine Van Roehoudt:** We're part of the Okanagan Tree Fruit Cooperative. It's a packing house owned by growers. All of us sign contracts to ship our fruit to them and ship all of our fruit to them. So they do the storage and grading, and B.C. Tree Fruits then does the selling of that fruit. That's why we're not up on the exact stats of where that fruit is going, because we do the growing and then they do the storage and selling.

• (0935)

**Mr. David Dobernigg:** I'm similar to her. I ship through our cooperative.

**Mr. Blake Richards:** Okay. So it sounds like there are several layers there, and it sounds like it's not that different from Mr. Hutcheon's industry.

Mr. Hutcheon, I know that in your industry, your thought is that it seems to be at the grocery store level that the big chunk of the profits goes. It certainly isn't to the farmer. It is to some degree to the packers, but it certainly seems to be at the grocery store level where you seemed to indicate the problem is.

For the fruit farmers or the orchard growers here, you talked about several different levels. Where do you think all of the profits are going? It is my understanding that they aren't going to you, either. So where is the profit going?

**Mr. David Machial:** I would say it's to the wholesaler. There aren't a lot of them, so when you have a few wholesalers, you have to take the price they're willing to pay. You go into the stores and the prices of apples are \$1.30 or \$1.40, and yet my return is 13¢. It's going down. The consumer isn't saving. It has to be the retailer and the wholesaler where money is going.

**Mr. Doug Fossen:** Can I make one quick comment?

**Mr. Blake Richards:** Please do.

**Mr. Doug Fossen:** I agree that retailers are taking more of the profit, but our dollar... We're kind spoiled in Canada with how cheap our food is, even at the grocery store level.

Like, I can feed my whole family for \$400 a month, but I might go out and buy a pick-up and spend \$800 a month. Or my phone bill might be \$150 a month.

I don't know how we get Canadians to value their food more until we starve them.

**Mr. Blake Richards:** Yes. I would certainly agree.

In my riding, as I mentioned earlier, I have a large agricultural area. A lot of it is cattle country, but also foraging grains and other stuff. I also represent what I would call the suburbs of the city of

Calgary. It's amazing that even in Calgary, even in some of the communities I represent, that are so close to cattle country and farming country, if you talk to the average person on the street and ask them where their food comes from, they say it's the grocery store. They don't get the connection to the farms that just next door to them.

So you're right that we need to educate our consumers about the fact that the people who are growing the food they are able to buy so cheaply in the stores are making nothing. That's so important.

Also, I notice that the orchard growers here are no different from those in the beef industry. The exports are an important part of the market, so some of the things we're doing there are helpful.

But you are here because you're young farmers. To me, it's such an important thing that we're looking at here, the future of farming. We're looking at our long term and how we can help this industry survive in the long term. The way we do that is by making it attractive for farmers such as you to be in the industry or continue in the industry in the short term.

So I'd like to ask all of you a basic background question here, probably one that will be thought-provoking. What is most different about your industry now from when your parents were getting started in it, if your parents were in fact in the industry? What is the biggest difference between then and now, and what's the biggest challenge you have faced as a young farmer trying to get started in the industry? And if the government can do something about that, what might your suggestion be?

**Mr. Doug Fossen:** Just quickly, I think the biggest change is that our expenses continually climb and the amount of money we're getting for our product continues to go down. Our parents, grandparents never dealt with that. They were able to increase their production and the price kept climbing a little bit. We're just being pinched, and I'm not quite sure how we can stabilize that.

**Mr. David Machial:** I would say it's the demand for higher and higher quality and the costs associated with that. Just the other day, my dad was trying to figure out what nutrients to feed our trees. He was, like, geez, it's so complicated; in the past you had three or four sprays, and you went out and did it, but now you have 20 different sprays that are specific to different times and specific to different pests.

It's just becoming a lot more complicated and costly.

• (0940)

**Ms. Madeleine Van Roehoudt:** I would agree with the two previous comments.

I also wanted to comment on your previous question, when you asked where that money is going. The grocers are placing more demands on the packers: they have to be "cold chain" approved. You have to have your apples shipped at whatever the magic number is—5°C, let's say—and then they put them in room temperature storage in the stores.

They're passing down a lot more regulations, but they're not paying anything more. They want the paperwork to prove you've complied, like food safety audits. We have to have third party audits and we have to pay for them, but we're not getting anything more for that. So I'd say that's challenging.

Yes, in terms of the regulation on the farm with chemicals, things are more specific. We used to have broad spectrum pesticides and now they're more targeted. Farmers are required to be experts in their areas—on entomology, on soil science, on amendments, on all that stuff—but you actually can't study that anywhere.

I'm fortunate that my father has been farming, and farmed with his father, and our orchard manager has been farming for 30 years as well. His wife is a crop consultant, so she's really up on all that stuff. I'm fortunate to learn from them, but other people who want to enter have no place to learn that knowledge.

**Mr. David Dobernigg:** One thing that's comparable to previous generations is the price we're getting.

**Voices:** Oh, oh!

**Mr. David Dobernigg:** It just hasn't kept up with inflation.

As mentioned previously, the expenses have gone up, all the way along to the new style of trees we're planting. They almost look like a vineyard now, where you're planting close together. They're much more expensive. Labour is much more expensive than what our parents were paying. The apparatus, the tractors, the platforms, all the tools involved are just more expensive, and we're receiving prices comparable to several generations ago.

**The Chair:** Thank you.

There's something I'd like to follow up on, if I could. I have a fairly large apple producing area in my riding along Georgian Bay, and a very small wine producing area; they're just starting into that. One thing we have there is getting labour. I think you have the same problems here in B.C. as we do down there. There's a certain amount of unemployment in our area, but for whatever reason Canadians just don't seem to want to go to that labour. So a lot of migrant workers come into my riding, and obviously they are out here. What is the one specific thing or more that government could do to make that program work better for you?

Also, the other part I heard, I believe more on the fruit growing side of it, is the cost of production. The cost of production, to me, is another word for supply management. There's an old saying that there's no such thing as being almost pregnant, you either are or you aren't. To go with supply management, you either have to do it or not.

I know from my non-supply sectors, especially beef, it splits it down to the commodities that largely export versus the ones that don't. That seems to be what it comes down to. I heard Ian's comments about having to shoot a number of his cattle. That's what would happen in the beef and pork industry. To go down that road, it doesn't seem to be as simple as just saying we need the cost of production. It's either totally supply management or not.

It's a very complex issue. The only way that any government is ever going to look at any of that is that it has to be from the industry. We're not hearing that from industry as a whole; we're hearing it

from some individuals. That's more a comment than a question, but if anybody could touch on the labour one, it would be interesting.

**Mr. David Machial:** Well, I was actually going to touch on your comment.

**The Chair:** You can go there too, that's fine.

**Mr. David Machial:** I know we export because we have to, but if we had supply management... In British Columbia, I think the statistic is something like this: we can supply 50% of the food needs in B.C., so if we had a supply management system, I wouldn't need to export. I wouldn't care; I would be able to provide my local market. Importers would probably still have to bring their food in, just because we can't meet the demand.

With regard to labour and making it easier, with SAWP our Mexican workers are specifically tied to our farm, but because the work is kind of seasonal, in the month of August they don't do a lot of work. I have farmers coming around and asking if they can borrow my workers. I say, "No, you can't; it violates the contract."

If you could maybe provide a quota, a certain number of hours where SAWP workers who come in could actually go and work for other farmers, I think that could alleviate some of the pressures on smaller farms that are having trouble finding workers.

• (0945)

**The Chair:** So you'd like there to be a little more flexibility there.

**Mr. David Machial:** Yes, a little more flexibility. You don't want them coming in and then taking off and working for whoever, but I don't think it would hurt if my workers went and worked for someone else for three or four days while they needed that little bit of extra labour.

**The Chair:** We have just a few minutes left here, but Mark, you had a question.

**Hon. Mark Eying:** Yes, I have a question, but first I'd like to make a little statement—a quick one.

I know we're going to be visiting a lot of locations and seeing a lot of young farmers. I would just hope that we keep the political rhetoric away from these sessions and remind the parliamentary secretary to go a little easy on cheerleading the minister, because it leaves us no choice but rebuttal. I would like to keep that away from these meetings, keep to the questions for the young people, the young farmers, and keep the cheerleading out of it. That's just a comment.

David, you mentioned your parents talking about NISA. I think NISA was one of the better programs, because if, for example, you had \$300,000 worth of sales—I could be a little off with the numbers here—and put in 3%, it would be \$9,000 put in, and I think the province would put in 3%, and the feds. So you had little pools. If you had \$300,000 in sales, there would be \$30,000 going into this pot, and as your sales went down or you had a rough year, you could pull from it. Also, really, if the farm built up a pot, you could pass it over when you sold the farm.

I think it was one of the best programs we ever had, especially for the horticulture industry. I think it was available to all non-supply management, so you had it in beef and pork.

What would you think, for a lot of these programs, if the government said, “We’re not going to give the agriculture industry any more money; if they’ve been given \$1 billion, that’s it, they’re not getting any more?”

With some of these industries, should we really look at them again and say, “Hold it; we did better things before. Maybe we should look at changing them around to maybe reintroduce a program like NISA?”

**Mr. David Machial:** Definitely. As I said, my parents and uncles talked favourably of NISA. If you were to get rid of AgriStability entirely and put in place a NISA-type program—AgriInvest really is a NISA-type program—they would appreciate that a lot more than what we currently have.

So yes, definitely.

**Hon. Mark Eyking:** It was a federal-provincial thing, too, so the province was putting in their share. I think it was a great program, and it was simple.

It took the anxiety out, because you knew you had a little fund in there. You could take some chances on your farm and say, “Well, I have that little fund.” If you wanted to grow high-bush blueberries, you could take that chance if it were going to dip a bit, because you had that fund backing you up over a couple of years. So I think it’s something we should look at again.

I don’t see any more comments.

**The Chair:** Pierre, did you have a question?

**Mr. Pierre Lemieux:** I’m fine, Chair, but perhaps I’ll address what Mr. Eyking said.

The only reason I brought up success in opening foreign markets is that we were talking about SRM. The discussion was about the penalty that our farmers pay for SRMs. And we recognize that—I recognize that—but I think it’s also fair to say that it’s used to leverage other countries to open their borders, and there has been success in that regard.

There are positives and negatives to the SRM policy that’s in place right now. That’s all I was trying to communicate.

**The Chair:** Okay, point taken.

Mr. Bellavance, the last question goes to you.

[Translation]

**Mr. André Bellavance:** Thank you, Mr. Chair.

Mr. Fossen, in all the testimony we have heard today—all very interesting and important—I was most struck when you said that you were the youngest in your area and that you did not think that you were going to be able to last very long. When a person working on the land with a whole career ahead of him tells us—we who sit in our ivory tower in Ottawa pondering about free trade and all kinds of other matters of great import—that he is thinking of getting out of the business if things do not get better, it is a concern. It gets our attention like a slap in the face. Unfortunately, though it may seem counterintuitive, that is the kind of testimony that gets governments moving.

I would like to go back to SRM. As you know, the Canadian Meat Council has estimated the additional cost of disposing of SRM in Canada to be \$31.70 per head. That is the very precise calculation of our direct competitive disadvantage with the Americans.

Earlier, Mr. Valeriote mentioned that there was an announcement on SRM in the last budget. We do not yet have all the details and features of the program.

Do you agree with the Canadian Meat Council and the Fédération des producteurs de bovins du Québec that \$31.70 should be provided to producers in order to redress the balance with our American competitors, who have not instituted the same measures? Is it your hope that the announcement in the budget can be of direct use to you in solving the problem of what I call unfair competition?

● (0950)

[English]

**Mr. Doug Fossen:** Yes, I do hope that we are able to get a “balancing out” amount of money. My only hesitation in saying that—I hear announcements of \$5.5 million or billion—is that it actually go to the producer.

I sit through a lot of meetings. I’m the president of our local Stockmen’s Association, and I’m a director of our B.C. Cattlemen’s Association. That’s why I say I am the youngest person involved in our cattle industry, because I am. There’s nobody younger than me, that I know of, who is involved in the Cattlemen’s.

I see a lot of programs where we’re paying good wages to people to come out and assess our crops or see if there’s damage or try to bring us money. And I really feel that the people working in the program are getting more than the producer.

So as long as that money can come directly to us, then I am for it. But if it is going to be spent on just administration, then...

I would rather hear that the cattle producers aren’t getting anything, because I don’t want to hear that we are getting anything... and that we’re not.

**The Chair:** Alex, be very brief. We are cutting into our next group, or will be shortly if we don’t do it.

**Mr. Alex Atamanenko:** Very quickly, just to follow up, David, on what you were saying in regard to the export market versus the domestic market, it's my understanding, then, that if we had enough, we could supply our domestic market and we wouldn't need to export.

**Mr. David Machial:** Absolutely, yes.

**Mr. Alex Atamanenko:** I remember last summer when we had that catastrophe in the cherry industry. I was talking to a farmer and he said, "Well, we could supply all the cherries. We could make a good living just by supplying all the cherries in western Canada." So should we be going there in the tree fruit industry?

**Mr. David Machial:** I think in the tree fruit industry we should. It would work and it would solve a lot of our problems.

**Mr. Alex Atamanenko:** Thank you.

**The Chair:** Thank you very much, all of you, for taking time out of your busy schedules to be here. You had some good points and I believe you had some very good answers as well. So thank you again for taking the time to be here and we wish you all the best of luck in agriculture. We know there are a lot of obstacles.

I wanted to announce that the British Columbia Fruit Growers' Association has brought in a box of apples at the back. Apparently we're supposed to help ourselves.

Thanks very much to the British Columbia Fruit Growers' Association for that.

We're going to break for about five minutes.

Thank you.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1000)

**The Chair:** I'm sorry to rush everybody, but we want to take advantage of as much time as possible.

I want to give a big thanks to our witnesses for coming here today. I know that all of you are very busy, and we appreciate you taking time out of your schedule to be here.

Does anybody want to volunteer to go first? If not, I'll go to my list.

First on the list I have Mr. Kiran.

Welcome. You have five to seven minutes, please.

**Mr. Nick Kiran (As an Individual):** Good morning. My name is Nick Kiran.

First of all, it's an honour to be here before your standing committee on agriculture.

I'll just give you a brief history. We came to Canada in 1970 as kids and came straight to Kelowna's agricultural community. We enjoyed being on a farm, and we worked on the farm during all our school years.

By profession I'm a graphic designer. In 1990, due to illness and serious injuries, I came back to Kelowna to heal, and fell in love with

agriculture all over again. I have been producing full time for the past 15 years, treating the orchard as my canvas.

Our parents purchased our first orchard in 1990 in Rutland. In 1989 we moved ourselves to east Kelowna. Over the years we purchased over 50 acres of agricultural land. We have replanted every inch to date, and still continue to operate.

**The Chair:** Mr. Kiran, the translators have asked that you slow down a little bit.

**Mr. Nick Kiran:** Okay.

**The Chair:** No problem. We've done that before too, so don't worry about it.

**Mr. Nick Kiran:** As a family-run orchard business, we have done everything humanly possible to make agriculture viable. My two other brothers have pulled out of agriculture and are following other professions due to the lack of monetary return.

Following other concerns in our industry, it is no longer viable to stay in this industry due to poor grower returns and the high cost of production, especially in the past two or three years. Farm labour has now become a serious issue. In the 1980s there was a student work program by which the government paid the students at 50%. This allowed students to come into the farming industry.

There are many growers who have suggested this might be their last year of farming if this trend continues this year. A few years ago, we had to sell a house that we had owned as an investment in order to pay our bills in the orchard.

In order to keep this industry viable and able to survive, orchardists need a set cost of production in place through a government program that was originally set in place and promised to continue by the government in 1970 in exchange for the ALR land. This cost of production would be based on the packing house from the B.C. fruit packers, consisting of good-quality fruit. This would not be tonnage, but good-quality fruit. That would be made up of Extra Fancy 1, Extra Fancy, and Fancy apples. This would be an incentive to the growers to see light at the end of the tunnel and work hard toward the goal of producing quality fruit.

In the recent emergency meeting through BCFGa, with over 300 people in attendance, it was unanimously decided that if the cost of production was not set in place by the government and taken into consideration, we would take the ALR issue as a tool to fight as our right, to protect our industry from dying.

Farmers grow food and have to wait until the following year to see their payments, while everyone else gets paid—the employees, the pickers, the B.C. Fruit Packers, and our storage and packing house costs, etc. But farmers wait for their payment, and end up fighting for crumbs. We have to remember that farmers are the stump. If you cut that down, everyone else is out of their job.

The AgriStability program does not fully work because, as mentioned before, if you get two or three bad years your cost of margin goes down and there is little money, if anything, to replace it. The SR program has lingered on far too long. Growers can no longer afford to run this high-tax program. Although it was a wonderful program and became a good marketing tool to market our food, we continue to have to spray to keep up this program.

I would like to put forward a suggestion for a food tax, perhaps, on retailers and regulation of the retail industry by the government. Retailers have no interest in buying domestic food because it is imported at cheaper prices from Chile, China, and especially through dumping by the U.S.A. The retailers take advantage of local growers and their fruit.

How can we compete with these countries with their minimal costs of production and lower standards of regulation in growing food? As we all know, Canada has the highest and most rigorous standards of regulations to produce food. The cost of production in this country is so much higher. We pay an average of over \$100 a day minimum, while China pays roughly \$1 a day to their workers. Where is the protection for local growers to compete and survive with these figures?

There are so many growers who no longer have credit at the Fruit Growers Supply Company for chemicals and fertilizers because of lack of decent returns. This number can be confirmed, as there are over 25 growers I can no longer buy fertilizers and chemicals from. They are all in an odd predicament as to what to do and how to continue to work after they look after their orchards, because they no longer have working capital on hand. This is a concern because if they don't keep up their orchards, it will affect adjacent orchards as well.

To get to this year, in terms of purchasing chemical fertilizers, etc., the government needs to step in urgently to help with ad hoc payment immediately. This payment can go directly to Fruit Growers Supply Company as a credit to the growers, so they may continue to look after their orchards in a proper manner and not dig themselves deeper into a well.

It is my understanding that in Switzerland all the food grown there domestically gets sold first. Only when their food supply is depleted will they import food from other countries. Some people, even some government officials, may ask why agriculture should receive special programs. We have to keep in mind that agriculture is like no other industry, because it consists of growing food and is the hardest commodity to produce because we have to fight with Mother Nature along with other circumstances, whether it be cold, frost, rain, heat, or hail.

•(1005)

Now, this is something for all of you to ponder: you think you've become deranged when you start to wish for hail because only then can you make any money.

Unfortunately, this is the sentiment of a lot of growers. Yes, of course, it is a shame that we are left to resort to this, but who can you blame? For example, my uncle in Rutland said he fared very well last year because he got hail and made money through crop insurance.

In conclusion, the agricultural community is the proudest and most hard-working group of people who continue to grow food for all consumers. However, for the past few years, the situation has become unbearable and very critical, due to very low return that may put many orchardists out of business and change the landscape of agriculture for the worse with abandoned and cut-down orchards. As you all know, these changes could devastate the tourist destinations in the Okanagan Valley. Putting set costs of production in place will keep growers doing what they truly do best—growing food for all of us—and keep our agricultural community alive for future generations.

I personally have four children to support who all adore farm life, just as we did as kids. So please, don't make this my last year in farming, which it will be if there is no improvement in the industry. Please do what is right and help the growers in need.

I thank you for your time.

•(1010)

**The Chair:** Thank you.

Mr. DeBoer and Mr. Van Keulen, I understand you're appearing together. Go ahead for five minutes, please.

**Mr. Clarence DeBoer (As an Individual):** Thanks to the Standing Committee on Agriculture for inviting us here.

I'm just going to wing it. I have given you some information on the issue I'm talking about, and the issue is family farm transfers. As most of you are probably aware, you can transfer the family farm from parent to son or daughter, but where the problems come in for some of us is when we want to transfer it between siblings, from one brother or sister to the other.

I'm a dairy farmer and also a cranberry grower. Stan has a large dairy farm. We both have brothers who are partners in our farming operations. If there were, heaven forbid, an untimely death of either one of our brothers, our brothers have willed the farms over to our sons—their nephews—for the farms to continue.

That is where we run into problems, because that is when the capital gains are triggered. In this day and age, with everyone saying they want to save the family farm—it's a big issue for everyone to see the family farm continue—this actually works against us.

We're from the lower mainland. I know you have problems here in the Okanagan as well, where land values have shot way up, and I'm sure in other urban shadows throughout Canada, it's the same sort of deal, that land values actually have no relationship anymore to farm gate values. So when you are faced with that sort of situation, when the taxes become triggered in a transfer like that, it's almost impossible for the family farm to continue, unless you have a large farm operation of which you can maybe sell off a parcel. If you're lucky, you have that option, but for most farms, if they're a single unit, the end result will be that the farm will have to be sold in order to cover the taxes.

Some will argue the way around that is to take additional life insurance, which we do. We've also done a lot of estate planning, setting up family trusts in order that any future growth that might happen in the farm would be transferred through the trust. Those things are all very costly and very complicated. Life insurance is a great thing, but as we all get older it becomes more and more expensive. We also operate with debt, and we use the life insurance to cover that, so adding this on top becomes very challenging.

We've had discussions with other people, and we feel that to make some changes in that wouldn't mean a big revenue loss for the federal government. It's not as if every farmer is going to be benefiting from having this change made, but there are situations in which we do have farm families who really want to continue farming, and this is a real burden for them.

So as a revenue loss to the government, it wouldn't be a huge burden, yet it would be of huge benefit to the agricultural community. We're hearing all these young people today who are talking about how they would love to get into farming. We have young people who are in farming and are very talented, who have picked up generations of knowledge, and who, though a situation like this, could fall by the wayside because they can't continue. Then someone from the city comes to buy the farm—this is the ironic part—and with no agricultural background, they end up taking over the family farm. This is how we slowly lose our agricultural expertise.

These are just a few things in a nutshell that I have brought up. Stan has also hired an accountant to put some numbers together for you.

We just e-mailed this last night, so it was too late for this meeting, but the translators will get it translated and get that to you so you can see some comparisons, based on a one hundred-acre farm, and what the impacts would be on taxes.

Stan, would you like to add something to that?

**Mr. Stan Van Keulen (As an Individual):** Sure.

Thank you, committee members. It's been a long time since I've been in front of the standing committee.

Clarence has touched quite well on what our dilemma is. The task that you guys have before you today is to somehow make it so that the farming generations continue on. I've been involved in the politics of the dairy industry for probably 25 years now, and that's a goal that we in the industry always want to see happen too.

Here's an opportunity for you, as members, to take it to your government and the powers that be, Treasury Board or whatever, and to say, look, this is not a real cost to the government, to the people, but it's a big benefit to continue on with the family farm.

The example that will be before you—it's too bad we couldn't have it translated in time—is a clear situation. We just mount more debt on farms that are having a tough enough time. I'm fortunate that I am in a supply management commodity. We do get our costs somewhat covered. But the dilemma is that the land values are creeping up, or actually racing up, because of outside pressure. The government...when it comes to a death, or there is a transfer of the

farm, it is done at fair market value. There's the problem. It has no reflection on farm gate revenues.

This is something that you, as committee members, can do. You can go back to the government and say, look, this is basically a non-invasive thing.

It's a positive thing for you, it's a positive thing for our industry, and it's a positive thing for the young people to continue on in this industry.

It's not often I come before you begging for... Usually it's begging for money, or begging for programs. But this is saying that if you want to continue the family farm, this is something you can do.

Thank you.

•(1015)

**The Chair:** Thank you.

With regard to the document that the two gentlemen just referred to, the clerk does have it. It will be translated so that everybody can have a copy, and we'll get that out as soon as possible.

Thank you very much.

We'll now move to Ms. Christine Dendy, from the BC Agriculture Council. Five minutes, please.

**Ms. Christine Dendy (Executive Member, BC Agriculture Council):** Thank you very much.

I appreciate being able to have this slot, as I have to get down to Abbotsford for another meeting.

At any rate, we have given you our written submission. We certainly appreciate this opportunity to meet with your committee. I will not go through the submission in detail. You have it before you, and hopefully you will have time to go through it at your leisure. I will just highlight some of the issues.

As you have heard this morning and will probably hear in many of the submissions after ours, apart from the huge economic and societal benefits agriculture provides, we are dealing with a tremendous problem of loss of revenue and loss of sustainability on farms.

If you go along to our submission, you will see that in British Columbia, net farm income in 2004—total cash receipts in farming—was \$2.3 billion. This has remained relatively constant, rising slightly to \$2.5 billion in 2008. However, if you look at total net income during that same period, it goes from a positive of \$135 million and gradually declines to, in 2008, a \$252 million loss. That tells part of the story of our major struggles in farm generation transfers and in having new farmers come into farming.

We have today the Young Farmers Association making their presentation. Unfortunately, there aren't many of them. We're glad that they will be here to give you their presentation today; this is a severe problem.

It's very clear to us on the BC Agriculture Council that the lack of profitability in many agricultural sectors is the single largest determinant in the trend identified by the standing committee with respect to an aging farm population. I still think of myself as young, but I realize that I am actually aging too. I'm still dealing with my own farm transition to me, and I'm already trying to struggle with the next one to the next generation. It's certainly a big challenge.

We have business risk management programming, and that has helped greatly, but it does not support farms if you have an ongoing loss situation, and it also is a very slow process. In my own personal situation, we're still waiting for our 2008 AgriStability file to be processed. When there are cash shortfalls and you have problems, even though there are programs there it can take an awfully long time to get any money.

The non-business risk management programs, such as Growing Forward and various other things—environmental farm planning, beneficial management practices, food traceability programs—provide funding, but the demand far exceeds the funding available. Also, we are finding that we are spending more and more time and money on mandatory programs, certification issues, and regulatory issues. They take up an awful lot of time, and they're not necessarily putting better-quality food on the table or resulting in more efficient production. But they are all cost and time requirements that take up time on our farms.

Agriculture research is certainly a challenge. We find here at the research station in Summerland, which has been extremely important for agriculture, particularly for orchards in the Okanagan, that we have a whole generation of researchers who just aren't being replaced. They're retiring. We're losing that bunch of researchers. We have a very slow program of research happening.

We have a five-year program in the new system. It took us two years just to get the new federal program organized. Now that we're finally into the funding system for new Growing Forward research, we only have three years left.

I will leave the rest of the written submission for you to take a look at. We're dealing with all kinds of challenges: climate change, drought management, and all kinds of things.

The price of land is certainly a major issue that is a challenge for young farmers and for family farm rollovers and transitions. That's apart from the capital gains issue. In an area like the Okanagan, where we have very high land-value pressures, we're going to eventually, possibly, have a feudal system—most of the young farmers will only be able to afford to lease farms from others, simply because the cost of land is so high. This is certainly a challenge.

One of the things we did not put in our report, but which I would like to highlight, is that to be successful, farmers now require a very broad and advanced set of skills and knowledge. It is really tragic that adequate training simply is not generally available in British Columbia.

•(1020)

Farming is not what it used to be. In orchards you now need very sound business management skills; accounting and business planning skills; and the ability to develop and implement certification status, global gap environmental farm plans, etc. You need to

know how to handle business risk management programs and insurance; sourcing and hiring and training staff. You need to deal with farm safety issues; HRSDC for work visas when you have to apply for them; marketing; international trade issues; and research and development funding programs, which we now have to initiate ourselves and organize the initial funding for.

There's all of that plus the actual farm work, which now requires a very extensive knowledge of integrated pest management practices; new and potential pest threats; agricultural chemicals; chemical registration issues; issues of soils management, plant growth, nutrition, irrigation, and the environment; drought management planning; dealing with bylaws, increasing regulations, and the urban interface issues; and finding and training staff at all skill levels. These are all things that require a much different level of management than when I started farming, when my father started before that, or when my grandmother and grandfather started back in 1903.

The horticulture training programs at colleges and universities in B.C. are now limited to landscaping and turf management. We just don't have schools and training available, even if we have the young people who are interested in going into farming and taking over our orchards. It is the same in other sectors as well.

Although I'm speaking for the BC Agriculture Council, I'm also speaking from my own familiarity with the orchard and tree fruit horticultural industry, but this applies to other sectors too. It's a very complex industry now, and animal and plant sciences are really important skills that our young farmers need to have.

In my own case, if we want to have any training for the next generation we have to send our young people to university in Washington state or Guelph, or overseas to New Zealand or Australia to get any kind of training necessary.

On top of this we find that the federal research stations have not been replacing retiring researchers and staff, and the province no longer hires extension staff as they used to. So there are fewer related career opportunities in farming to interest and attract young people. Quite frankly, if I'm looking for staff with management possibilities, let alone my own family to take over the farm, my best chance of finding qualified college graduates is to look in New Zealand or Australia.

As another example, this year I had to hire a private consultant to create a course in integrated pest management and soil nutrition to train my own staff.

We appreciate the opportunity to make this presentation. It's certainly fitting that the committee has used the term "future of farming" as part of its title. We will need some help if we have kids coming into it in the future.

**The Chair:** Thank you very much.

We now go to the B.C. Young Farmers Association. We have Mr. Cheema and Mr. Froese.

You have five minutes between you, please.

• (1025)

**Mr. Ravi Cheema (Chair, BC Young Farmers Association):** Good morning.

First of all, thank you for having us here and thank you for being here.

The BCYF is a young organization in more than one sense. We're a newly formed group that started in 2008 in response to the lack of a young farmer community. Our slogan is "Keeping farming alive with the next generation".

We're an association of young, enthusiastic farmers across B.C. We are supported by the BC Agriculture Council, we're members of and sponsored by the Canadian Young Farmers Forum, and we have a diverse board that is made up of 11 young farmer volunteers and former industry officials.

Our goals are to provide business training workshops, communication sessions, human resource development, development planning, leadership training, and industry networking. Past events have been on political debate, money management, and family versus business succession planning. We've hosted eight events in the past two years, participated in CYFF events, and had several meetings with provincial and federal ministers.

We have a membership of over 200 young farmers. Keep in mind that the majority of these young members do not own the farms. They want to get involved with farming, or their parents own the farms.

We have a number of issues facing young farmers in B.C., starting with costs. I'll go through a few of the issues and then talk about them. The issues are land, labour, the price of machinery and construction materials, cost of living, fuel costs, plants, feed, transportation, and carbon tax.

I'm sure you've heard over and over again about land costs. As a young farmer, why would you go into farming if you have to pay \$100,000 an acre and basically lose it after a while?

As for me, I used to lease 300 to 400 acres. I'm a cold crop farmer, and I have a greenhouse as well. It's hard to find land now. More and more, people who have money from other trades are buying land, whether it's construction, truck drivers who want to park their trucks, or someone who wants to build a nice house and put a few horses at the front.

**Mr. Kerry Froese (BC Young Farmers Association):** Similar to that is the fact that we also have issues with urban encroachment. The same people who want to put a nice fancy house on 20 acres of property and have horses are the ones who are taking away land that we can use as farmland. It would be much nicer to have that usable land, because it comes at a premium these days.

The same people are as well complaining about the smells of farming. They want to have a nice green space, but they don't want the smells or the noise that farming obviously produces.

I think you can go to the next topic on availability of the land.

**Mr. Ravi Cheema:** Labour is huge, especially for me. I don't use machinery. I have glass greenhouses for broccoli, blueberries, strawberries, and cauliflower. We used to grow sprouts and more cauliflower. We're at the bottom of the totem pole. People don't say that when they grow up they want to work on a farm picking berries, harvesting cauliflower, or picking peaches.

There's the foreign worker program. For the LMO, it takes a long time to get approval for workers. Through CIC, a lot of cut-off workers want to come back, but they sometimes cannot return.

As for local labour, I would hire local labour in a second, but it's next to impossible. When you do find labour, what I've personally found and what colleagues have told me as well is that workers stay around for a maximum of 20 to 25 days until they find better jobs.

When I bring workers from Mexico or overseas, making around \$10 an hour is a lot of money for them. They're more passionate about it.

**Mr. Kerry Froese:** That's my situation too. I used to farm 80 acres of raspberries, but we couldn't find the labour, and I didn't want to learn Spanish. We've amalgamated to full poultry. I run a poultry farm now because of that.

• (1030)

**Mr. Ravi Cheema:** What's happened to us in our farms is that we used to do about 100 acres of sprouts and about 50, or more than that, of cauliflower. We kept cutting it back because we could not find the labour. What eventually happened was that our marketers went to the States and our competition has our business now.

On a side note, a few months earlier we were negotiating prices for cauliflower. Our marketer and processor said to us, "It's going to be this much for a cauliflower: there's no negotiation or we're going to China."

Last year, they started giving us cauliflower again, because a law was supposed to come in on labelling to show where the product was coming from. But since that's not there any more, or it's changed a bit, they've said, "Too bad."

Partly this problem came about because back in the late nineties, when we could not get enough labour, the processors had to look around the world for where they could find another product. I guess they learned cheaper ways to get product in here. That's our loss and their gain, and it's getting used against us now.

On pesticides, down south they can use a lot of pesticides on strawberries. We were well known for our strawberries in the lower mainland, and now we're down from about 70-plus acres to 7 acres, just to keep a little fresh market going on.



They're allowed to spray stuff we're not allowed to spray, but they're allowed to bring it up here, which is not fair. Their berries used to taste like cardboard, but they taste pretty good now and they look pretty red and they're year round. So pesticides are an issue.

The cost of machinery is such that when you're buying a tractor, you may as well buy a Mercedes-Benz; it's similar. You can't just go with a two-wheel drive with the weather we have. Perhaps there could be some sort of government loan for young farmers, or incentives to get cheaper machinery.

**Mr. Kerry Froese:** I think something that's involving Canada, too, is the mentality of consumers and their want of cheaper food. I know that in other countries that produce a high quality standard of food, which we do in Canada as well, they're able to pass it on to their consumers. That's something we need to be able to educate our consumers better on, to show the standards that we have in Canada, to pass that on to our consumers. People are willing to pay for that food if they know the standards that we are attaining.

In my industry, I'm a supply managed commodity, and actually of our 13 B.C.-wide board members, only two are not in supply management.

So in terms of farming, young farmers really appreciate the stability of supply management. They know that it passes on to consumers that it's a good, high-quality product, and consumers know we have those standards. We're all fully inspected and we can pass that on.

Young farmers aren't going to invest millions of dollars in something they don't know is going to produce a return. Supply management provides that to them and it gives them stability.

**The Chair:** Mr. Cheema, maybe you could just highlight the rest. You can always enlarge on them at questioning, anyway.

**Mr. Ravi Cheema:** Okay.

While young farmers from farming families may be better educated in agriculture, we are finding that new farmers who are coming from other backgrounds, such as construction, trucking, or other businesses, have poor farming practices that lessen the quality of our overall product and saturate our markets and lower the value of our commodities.

That's all.

**The Chair:** Okay. Thank you very much.

We'll now move to Mr. Joe Sardinha from the B.C. Fruit Growers' Association. And thanks again for the apples.

**Mr. Joe Sardinha (President, British Columbia Fruit Growers' Association):** You're very welcome.

Thank you, and good morning.

First of all, I'd like to welcome all of you to Kelowna. If you were here yesterday, we had just a banner day. The weather was fantastic. Today you'll be visiting orchards that are on the verge of blooming. Cherries will be blooming and apples are certainly opening up. You hit the right time of the year. We're two weeks ahead of normal. We're ahead of last year's crop stage, so you'll get treated to blossoms.

I would like to say I was totally impressed by the young farmers that I helped recruit to the panel this morning. Nick is one of them here as well, of course, but David Dobermigg, David Machial, and Madeleine Van Roechoudt did an excellent job. You as committee members also asked some excellent and very pertinent questions, and I appreciate that. It does flow that information back and forth.

I have been a fruit grower; I'm into my 28th year in the business, and this is my tenth year of life with the B.C. Fruit Growers' Association. Currently I'm president of the association. I've seen a lot of changes in the industry, and certainly I had an opportunity for input in various capacities during that time.

My wife and I operate an orchard in Summerland. That's just south of here. It's a beautiful part of the valley as well. It's almost impossible to keep my 77-year-old father out of the orchard still. If it's in your blood, it's in your blood. Certainly we've had a father-son succession plan going there, in case you're interested.

Of course, the B.C. Fruit Growers' Association appreciates this opportunity to present to all of you today, certainly on the theme of young farmers and the future of farming in Canada. We need young farmers to enter the agricultural industry, to provide it with a future. Similarly, we need a vibrant and profitable agricultural sector to attract those same young farmers. Also of note, maintaining a high level of national food security depends on getting a new wave of young farmers.

We have seen four years of serious downturns in the industry in the Okanagan in terms of our revenue streams, four years out of the past six years. In fact, we realized cost of production in the 2006 and 2007 crop years. We were at the cost of production or thereabouts, but we've had four other years where we failed to hit that target.

Our current approach is to request financial help from the province to sustain our industry, and we are awaiting an answer from our provincial Minister of Agriculture, though he has ruled out a direct payment to growers.

Current government fiscal challenges are making it difficult to address this situation, let alone future challenges for farming. While there is much the government can do with minimal impact on agricultural budgets, investing in horticulture should be a top priority for government if healthy eating habits based on local production are to be successful.

Here in B.C. we continue to suffer from the lowest percentage or lowest ratio of agricultural program expenditures compared to agricultural GDP in the country, though New Brunswick is also in the race to the bottom. So we have that additional challenge of government not investing enough. This impacts our investment in agriculture and diminishes our future prospects. This is discouraging to both current and new farmers. How can the federal government turn this situation around? Perhaps some pressure on our province would help.

In terms of entry into our industry, many young farmers of course enter the agricultural sector because their parents operate or operated a farm. The other primary way new entrants come into the industry is the fact that they were employed as farm workers or managers at one time, and many of the growers in our industry who were farm workers and managers at one time first took on leasing property. So leasing is definitely very much conducted here and in the valley. Similarly, they eventually moved on to purchase property after having become experienced in the industry, and leasing still happens to this day. Many growers have long-term leases in our industry because we have a lot of absentee landowners as well.

How do we encourage young farmers and new entrants into the agricultural sector? The best way is to make agriculture economically attractive. Canada and B.C. do have many competitive advantages, and we need to remove various serious barriers or protect our farm sector from unfair competition. That was brought up this morning, I think very clearly.

• (1035)

We also need to build a positive, winning attitude that attracts the best performers. You have to have experience and horticultural knowledge on your side to get into this business and approach it successfully.

In recent B.C. Fruit Growers' Association activity, we have noticed the broad public appeal of producing locally grown product and promoting the healthfulness of fruits and vegetables. In the words of the Canadian Broadcasting Corporation, "Most top-performing countries have achieved better health outcomes through actions on the broader determinants of health such as environmental stewardship and health promotion...". In the report, B.C. is identified for its ActNow program. B.C.'s internationally lauded ActNow program, which encourages citizens to exercise more and eat healthier food, is a particularly promising model of intergovernmental collaborations to develop health policy.

For those of you who haven't heard, we do have a provincial school fruit and vegetable nutrition program. It is a key investment for the Ministry of Health in this province. The province is having trouble addressing chronic health care costs, let alone the cost of promoting good nutrition. But we feel that the federal government could translate this into financial support for a national school fruit and vegetable nutrition program. It would achieve the following two goals: introduce our impressionable youth to healthy eating choices, and make our industry a positive contributor to health and therefore a more attractive industry to participate in for youth and new entrants. Furthermore, we would be mimicking what the U.S. already does in terms of approaching nutrition in the schools on a national basis.

The renewal program is something that has been talked about briefly this morning. The BCFGA and other apple-producing provinces, through the CHC, the Canadian Horticultural Council apple working group, have developed an AgriFlex proposal to renew our industry through strategic investment in replanting, integrated pest management, and researching and promoting best horticultural management practices. This program will benefit other provinces most, as B.C. has already had 15 years of a replant program, but it also recognizes the benefit of the renewal of the production base for tree fruits.

We encourage the support of this committee for our federal AgriFlex proposal. It has gone in, so maybe some of you could call up that information and see what our proposal is all about at another time.

• (1040)

**The Chair:** Okay.

**Mr. Joe Sardinha:** I'll make a quick comment on labour. The SAWP, seasonal agricultural worker program, is very important, and we have asked the federal government to continue to support those programs. Labour is a very important component in our industry.

I do have a few comments here on trade and international competition. Tree fruit products are generally freely traded, which can have its pros and cons. There are also the minimum phytosanitary requirements that do not impede trade in apples and cherries except for exports to countries such as Japan. This trade sometimes introduces new invasive pests and diseases to the tree fruit industry. We would like to see more effort directed to inspection at point of entry, especially for those areas of the world that are not at the same level of integrated pest management as ourselves.

Furthermore, a national plant health strategy has been promised but not delivered or developed.

I'll make a few comments on the Pest Management Regulatory Agency. We've made great strides with the AAFC's Pest Management Centre, and the PMRA has made great strides in working in harmony and collaboration with the IR-4 project in the United States to get simultaneous pesticide registrations. However, we are still lagging behind and we feel that it is high time that Canada fully integrated its registration system with the U.S. This may also help curb the huge discrepancy in pesticide prices between Canada and the U.S.—as much as 30% to 40% is quite common—especially at a time when the Canadian dollar is at par and we are still looking at these huge differences.

I would also like to point out that in terms of labour, we have all heard of the cost of production. B.C. farmers and Canadian farmers are always facing higher costs of production. Labour is one area. In fact, in the U.S. as much as 60% to 70% of the labour in some sectors is actually illegal foreign labour. These workers are mistreated. They are paid low wages and sometimes also they do not even receive wages compared to the farm work that they have completed. Therefore, we see this as an impediment and we are in direct competition with an economic system based on abuse of its labour force, which is another competitive advantage—or disadvantage, as we call it—that they may have.

The final trade issue we would like to raise with the committee is the level of government subsidies in other nations. In particular, there's the U.S. Farm Bill, which governs tens of billions of dollars in spending and includes everything from land stewardship, public in-school nutrition, biofuel, institutional procurement programs, export and agricultural research programs. The current \$289 billion Farm Bill was enacted in 2008 and is going to be replaced, probably with something very similar, in 2012.

Canada has decided not to play the subsidy game and compete with the U.S. Farm Bill. This places our industry, our producers, and our young farmers at a competitive disadvantage such that the Doha Round of WTO negotiations will not rectify the current situation. If we cannot compete with the U.S. Farm Bill, then perhaps Canada needs to expand the list of sensitive products to other sectors and allow broader access to orderly marketing powers.

I thank you for your time and the opportunity to present today.

• (1045)

**The Chair:** Thank you.

We will now move to Mr. Butler.

Everybody that has a written submission will get a chance to do that. We'd like as much time for questions and we could certainly enlarge on some of the points.

Five minutes, Mr. Butler.

**Mr. Robert Butler (Executive Director, BC Potato & Vegetable Growers Association):** Thank you. I appreciate being here.

I did have a written submission, which you probably have received by now. I won't deal with the whole thing; I'll just touch on it quickly.

I'm not a farmer. I'm not a young farmer, obviously, but I'm not a farmer at all. I'm just here on the behalf of the potato association.

We're located throughout the province: Fraser Valley, Pemberton, the Kootenays, the Okanagan, the Cariboo, and Vancouver Island. We have 70-plus members, and we're a shrinking organization. We're shrinking because of difficult farming practices today.

I have no statistical charts included in this presentation. I think you have enough of that, given from the earlier presenters.

It's somewhat unique in B.C. that we have only a small portion of land available for farming and we achieve high productivity from that small percentage of land. That land, of course, is expensive—we've heard that—and prices get higher every year. There is a lot of land speculation in this province from offshore and internal speculators, who have money to buy land for purposes that we've already heard about. We are part of that problem because the field crops that we grow mean that we have a lot of land.

We have open-field farming and we have closed-environment farming, which would be the chicken houses and the greenhouses, etc. Of course, some of these are better in terms of attracting young people who are young, highly educated, and technically knowledgeable. There's a lot of that going on.

Today's potato farming and vegetable farming are high-tech for the most part, because you're using the most advanced equipment and the most advanced chemicals and pesticides that you need to use for products, but we're not attracting people. We can't attract people because our costs are exceeding our ability to pay.

That's what it comes down to. That's the bottom line. We just cannot sell. We are competing against some monolithic suppliers out of the U.S. and other areas that simply dictate the pricing on the international commodity market. The buyers today at the stores

simply tell you what they're going to pay you. That's based upon the lowest price they can achieve elsewhere, not here.

That price does not cover our cost. That particular issue applies to almost every commodity within B.C. today, other than supply-managed groups. That's the issue, the bottom line.

The age of farmers is up. We know that. I think the average age is roughly 55 in Canada today. I'm not necessarily as concerned about that as I am about the ability to bring people in. I think that age 55 is a really nebulous figure we're chasing. We're saying that we need to get young farmers in, but you have to remember that we just heard from someone here who said that his dad still owns the operation and is still the chief farmer, so he's probably pushing 65 or more. The offspring are coming in, and they're probably 40-plus by the time they actually get to take control of the farm.

It's happening. It's not happening at a younger age, but you do have a lot of younger high-tech people now in the business. They're there working, but we can't continue to bring more in simply because we're not recovering enough money to pay for this kind of thing.

We don't necessarily view aging as a crisis for farming, but more of an active transition brought about by a healthy population as it ages. When healthier older farmers work longer and fewer farms are available, opportunity is reduced for young people, including those outside of farming who can't afford to buy in anyway. There's no means to enter the business unless they can find ways to cover the cost. That's what it comes down to.

There are fewer farms today, but we produce more food today. We've become very efficient over the last 40 to 50 years. Many who do not view farming as a viable business have completely retired and sold their farms to—in a lot of cases—other farmers, who have consolidated in the belief that the consolidation will improve their overall profitability, but they're still finding it difficult.

We've seen this happen throughout the grain industry in Canada, which I spent 35 years in, and I understand that the issue on the prairies has not changed much from what it was years ago.

I think the supply-managed farms have done better in terms of attracting young people, because they can cover their costs to some extent. It's difficult to get into that business today because of the land cost—and I understand that—or the quota cost if it's dairy or that sort of thing. Nonetheless, it can attract young people in. They have some opportunity, and it's getting to be very high-tech.

•(1050)

Field crops are suffering and suffering badly, and that's really what it comes down to today. Field crops are in deep trouble. You've heard this from some of the young farmers today. I was listening to some of your earlier sessions, and the people at this table today have indicated the same thing. So it's really a problem of getting net income, covering your labour costs, covering your field costs, etc., and that's just not available.

I think we really have an issue when it comes down to trying to compete with the crops that are coming in here from the international marketplace. I think the question in many of our minds today is that we don't know if the standards under which we have to put crops out—and they're good standards, they're high standards, and we're meeting them—are on the products that we bring in.

I live in Delta, and I've had people ask me “Why do we not grow more vegetables in Delta? We used to grow a lot at one time.” I say, “Do you see these trains coming in from Roberts Bank? Well, they're bringing in a lot of frozen products from overseas today.” It's one of the reasons for the lesser fields of cauliflower, the lesser fields of broccoli, and those types of things. This is an issue today. We are getting a lot of foods in that come from overseas, and we just cannot compete with these products. But we don't even know what the standards are for those products. We don't know if they meet the standards that we have to maintain. There is a cost for us in meeting those standards, and we can't cover that cost.

I'm going to keep harping on that issue: we cannot cover our costs. That is just the bottom line of this whole issue today. It's just not available to us, and it doesn't matter what we do.

Thank you.

**The Chair:** We'll now go to Mr. Duhaime for five minutes.

**Mr. Keith Duhaime (As an Individual):** Thank you, Mr. Chairperson.

Agriculture within the central Okanagan is at a bit of a critical crossroads right now. We've heard from a number of other speakers here. I would concur and attest to everything you've heard from them so far.

The landscape is highly fractured here, with over 95% of it being individual parcels under 10 acres. The average farmer, as we've heard referenced, was 57 years of age as of 2006. Industry surveys have identified that as many as two-thirds of the farmer population may be retiring in the next five years or so.

At the same time, the Okanagan is an attractive place for retirees. This creates a lot of competition for our land base, especially for things like rural residences. It makes farmland prohibitively expensive for new entrants, especially in traditional areas like tree fruit production. The net end is that we are very much facing a perilous situation here.

There are opportunities, however, for new entrants. At the same time that agriculture within the central Okanagan faces challenges, it's also being presented with some opportunities. The same demographic, the retirees that I referred to earlier, that bears the chalice of succession also possesses often highly disposable incomes

and tastes to match, including a taste for fine food and beverages. We only have to look at the wine industry here to see an example of that.

A shift in global supply and demand for fine food and beverage products is also creating opportunities for other local entrepreneurs. I could take you to a little cheese operation at the end of Lakeshore Road here that produces artisan goat cheese, as an example. Burgeoning upper and middle classes in newly developed economies mean that traditional supplies are being diverted to other places. I remember there was an article a year or so ago, where the major importer of fine scotches to Canada was telling all the liquor control boards that we weren't going to get the supplies we used to get in the past because there were better markets in Asia.

Trends in popular culture, such as the 100-mile diet and the “flow of food” movement, are also contributing to these opportunities. Okanagan chefs greatly desire the opportunity to have more fine food products such as premium cheeses, charcuterie, etc. The question is, how can we assist our youth in taking advantage of these opportunities?

Working with local government here as I do, I run a program in which we're basically trying to implement a strategy built on four pillars to help accomplish that. It's not going to answer all the problems that people like Christine or Joe have alluded to, but it will certainly create some opportunities.

One is the need for education. I think Christine was speaking to this. That is, we need to work with our local colleges and universities here in terms of beefing up opportunities.

Another is the creation of an incubation facility—I'll talk to that in a second—where new farmers can get a leg-up or a start, rather than having to necessarily depend on a handout as it's sometimes perceived.

Another thing we're hoping to engage in is foreign direct investment. It's an opportunity to bring in farmers and entrepreneurs from overseas who could provide some new skill sets and renew some of the industry. We saw this somewhat with the wine industry 25 years ago, when foreign vintners and foreign culturists were brought in to help with the new varieties of grapes that were part of the replanting program at the time.

Finally, facilitating some kind of a program that would assure consumers of local quality...and there is quality there, as you can see with the BQA here, or the IGP in Quebec, which I'll talk to in a second.

We're already seeing some success in our discussions with other levels of government. Just last week the Province of B.C. and the local government were able to get to a point to announce that the historic Fintry estate can be used potentially as an incubator farm. It's hoped this will be modelled much after the FarmStart program in Guelph, Ontario, which is highly successful in starting to turn out new farmers. We're also seeing where the FarmStart program is now engaging new Canadians as well. That speaks to our foreign direct investment interests.

The question now is how can federal agencies and the federal government engage in helping to facilitate some of that?

• (1055)

I've already had some discussion with Farm Credit Canada. They're very interested in seeing some replication of the FarmStart program here. They have an interest in lending money to people who have some kind of a track record already and can take their businesses forward.

On a related note, I am dismayed somewhat that at this point in time there is a question with respect to renewed funding for the Canadian Farm Business Management Council. For business training, that is one of the key resources in Canada, in terms of extension materials. I'm hoping that the federal government can step up to the plate and do something there.

With respect to the development of the foreign direct investment program, we look forward to any support and assistance the federal government can provide in helping us in that endeavour, in getting new farmers, new ideas, and particularly new skill sets into this country.

Finally, I would strongly recommend and encourage that the federal government and its agencies take and follow the lead of the Province of Quebec in their development of the Conseil des appellations réservées et des termes valorisants. That's the equivalent of the French appellation control or the Italian denomination control system. Young farmers who are going to engage in these initiatives are making considerable investments and taking considerable risks financially, personally, and otherwise. If they're going to take on the task of developing these skill sets and making those investments, they deserve the respect of having some protection for those products. Also, likewise, on the consumer side, the consumers are looking for that quality assurance as well.

In closing, I would like to thank the chair and the members of the standing committee for providing me with the opportunity to provide witness today.

Thank you.

• (1100)

**The Chair:** Thank you very much.

Because of timing here—we had a lot of witnesses at this session—I'm going to limit the rounds to five minutes. I'd ask the members, in order to stick to the time, to please make their questions as brief as possible. I know it's hard sometimes.

Mr. Valeriote, you have five minutes.

**Mr. Francis Valeriote:** I have to tell you that while the weather is wonderful out here, the message is frightening. I anticipated it, based on what we've heard for the past year and half in our other study on competitiveness in the industry. It's now to the point where I'm alarmed, very alarmed.

It was said this morning by David Machial that it will be an inevitable decline if things don't change. I don't think these individual changes we're talking about are going to amount to more than kind of band-aid solutions to things. I may be wrong, and if I'm wrong, tell me, I'm glad to hear it, because I don't come from the farm. I come from the city of Guelph. I live in an urban area.

I also read from Christine's comments, "The relative stability in the dairy, egg and poultry sectors brought about by supply management has had the very direct [effect] of having many young men and women choosing to be directly involved in family farm businesses. The BCAC appreciates that supply management is not going to be the solution for most other sectors"; they're not supply managed.

There's a lot of aversion to going that direction in certain industries, and I understand that, but it seems that free trade hasn't really been a solution. In fact, it's hurt us just as it hurt the manufacturing industry in which we lost a lot of jobs to overseas. Now we're losing our farm opportunities to overseas.

What's the big solution? We could make some changes to the succession planning. We might harmonize regulations between the United States and Canada, as Bev Shipley's bill is attempting to do, so that we'd be competing a little more fairly with them. You indicated that they're allowed to use pesticides and other things that we can't use here.

Is going all the way to supply management a solution? Do any of you see that as a solution? Or do some of you have an absolute aversion to that? We have to have that talk.

Could I hear from any of you who feel strongly about it either way?

**Mr. Kerry Froese:** I think supply management is more than just managing your supply. It also involves the tariff rates that allow products to come into the country, and those tie into the quality of the product that would be coming in. That's something that could be adapted to other commodities more easily than having just the full supply management model. If the tariff rates were high enough so that the lower standard products didn't come over our borders, we could compete with them. That's something that could definitely be adapted.

**Mr. Francis Valeriote:** So we have to step up and get in the game just as the Americans are, and put our tariffs up if we have to, notwithstanding the possible repercussions of being challenged at the WTO or whatever.

**Mr. Kerry Froese:** Absolutely.

**Mr. Francis Valeriote:** All right.

Does anybody else have an answer to that?

Yes, go ahead.

**Mr. Stan Van Keulen:** Supply management is a good thing. One of the things supply management does is that it gives you predictability. It also sends discipline through all sectors of the economy of that industry when it comes to the primary producer to the retailer.

I'll give you an example of what's taking place in the dairy industry in the United States right now. The price of milk to the producer has probably fallen by 50%, or a considerable amount. It has gotten to the point now, for the last two or three years, in the land of the free and the ones who preach economic freedom, the attorney general's department is now involved in doing a review like a standing committee does, like what you are doing, to find out why that has not been translated to the consumer.

A lot of it has to do with the responsibility of the processing sector as well as the retail sector on the consolidation of those particular sectors. The power they wield at the moment is tremendous.

The Competition Tribunal here has let a lot of things happen in the last 10 or 15 years that I've been involved in this industry, and I think you should take note of that. But the concentration of power of the marketing chain is just tremendous, and supply management gives us at least the opportunity to somewhat control that.

• (1105)

**The Chair:** Did somebody else want to comment on that?

Go ahead, Ms. Dendy. You have 20 seconds.

**Ms. Christine Dendy:** Thank you.

I'd also add that supply management is certainly not a panacea. It works very well and much better than non-supply management for certain sectors, where you can have a little more control over the environment of your growing conditions and some of the inputs, but certainly supply management has its own problems.

For non-supply management crops, or crops that don't have supply management now, we also have issues of a lot more differences in varieties, qualities, grades, and standards, and a lot more exports and imports of different varieties. I wouldn't say there's only one type of egg or one type of milk, but there certainly are a lot fewer than there are types of apples.

On your comment that the power the highly unified marketing now holds is tremendous, just think of a variety like an Ambrosia—which I hope you're all eating. It's a lovely new apple, bred in B.C. A few years ago it was earning the growers 50¢ a pound on average. This year, for apples in general, the average that fruit growers will be getting is 12¢ a pound. There's no change in price at retail. There's something going on in between the farmer and the retailer. The farmer is getting less and the consumer doesn't see any difference in the price.

Supply management is not necessarily something that would be easy to move apples into.

**The Chair:** Mr. Bellavance, five minutes.

[Translation]

**Mr. André Bellavance:** Mr. DeBoer, I related to you right away, if I may say so, because you are a dairy producer and a cranberry grower. I represent a region where we have a huge amount of dairy

production. I do not know if you know the places where cranberries are grown, but I can tell you that there a lot of cranberry growers in Saint-Louis-de-Bedford, which is located in my constituency. This is actually where production in Quebec started some years ago.

You brought up a very important point on land transfers. You discussed changing the rules to allow other transfers, not just from parents to children. I agree with the change you are suggesting. I would like to tell you that the idea was proposed by the Bloc Québécois five years ago at a conference that brought together the next generation of Quebec agriculture. The topic was specifically on what to do to encourage the new generation and the focus was on what the federal government could do to encourage land transfers. Before the last election, committee members toured Canada again. I decided to advocate for those proposals that appeared in one of our reports.

The federal government is dealing with those proposals. Changes have been made, especially in the amount eligible for the capital gains deduction. The amount went from \$500,000 to \$750,000. Perhaps it could go to a million dollars. Things change slowly, but maybe, if we keep hammering away...

I would like to hear your views about the possibility that the transfer rule could equally well apply to other members of the family. What if there were nephews and nieces ready to take over, for example? Of course, quite strict criteria would have to be maintained, making sure that it was intended for people 40 years old or under. The farm, of course, would have to continue in operation. I would like to hear your views on that and to know whether you have any other solutions for us.

[English]

**Mr. Clarence DeBoer:** We've given this a lot of thought. When you mentioned moving the capital gains exemption to \$1 million, it wouldn't really do a whole lot for some of us as farmers, because we are in urban areas, where the inflation of land prices has far exceeded that amount and has become a major challenge for us. These family farms have been in families for generations.

We're not trying to escape paying the capital gain on the land. If you should decide to sell the farm, or if our family members decide to sell the farm down the road, they will be faced with paying the capital gains exemption. But we want to be able to give them the opportunity to roll the family farm from our generation to the next generation, which we can do from parent to son or daughter, but not from one sibling to another.

Coming here today, we are hearing quite often now that it is becoming more and more challenging for young farmers to actually get started. Our concern right now is dealing with the family issue, but another step or thought for the future may be to look at it within a broader spectrum, particularly for young farmers who want to get into farming and have an opportunity to do so, or who have a link with an existing farmer, a dairy farmer or whomever. The government could maybe encourage or entice those farmers into selling to a young farmer who has a long-range plan and a commitment to farming, by either reducing that capital gains tax or eliminating it altogether, making it attractive for the farmer who currently owns the farm to move the farm towards the other side.

We really didn't want to get into that, because we know that with government, sometimes when you bring too many issues to the table it complicates things, and we wanted to stay on track with the family issue. I say this because in Stan's case and in my case, as a dairy and cranberry farmer, the capital of the quota, the capital of the land, and all of those things have just soared through the roof, as you are well aware. For us to continue these family farms under these current tax rates... In the event of my brother passing away, his estate is willed over to our children. But the tax bill for us was almost \$2.5 million before we bought the last piece of land. That is a significant amount of money.

As we said earlier, farm gate values bear no relationship to the pressures we have been facing from the urban community. It doesn't matter whether you are a dairy producer, a vegetable producer, or an orchard grower—who have the same problem here in the Okanagan—it impacts everybody.

Although the individuals who spoke before you said that doing a number of different things might not be the answer, we still think you do have to look at a number of different issues. You cannot solve a problem with a broad brush and just do one thing.

We have young people out there today, the next generation, who do want to farm. They've picked up two or three generations of information as the families have developed their businesses, and we would hate to see that lost because they can no longer afford to take the family farm over. In our case we are somewhat lucky because we have multiple parcels, but if you didn't have those, you couldn't transfer the land or sell something to pay something off. That farm would be dissolved. It would be over.

• (1110)

**The Chair:** Mr. Atamanenko, for five minutes.

**Mr. Alex Atamanenko:** Thank you.

A special thanks to Joe; you worked really hard to organize a lot of the witnesses. I know our clerk was really thankful for your efforts, so I'd just like to thank you on her behalf.

I guess I'm like a broken record, but I'm going to say this again. I'm just going to take off on what you said there, Joe. You talked about the United States Farm Bill and their institutional procurement programs and all of those things they do, whether it's coupons for seniors to buy food at local markets or school programs. Yet I recall that a couple of years ago, some of us on the committee had a recommendation, which all on the committee agreed to, that the federal government encourage local procurement when buying for

federal government institutions. We all agreed to that and thought it was a great idea. Yet the response we're getting is that we have to be careful because of trade obligations.

I don't think it's fair to criticize one government on this. I think we've all kind of slipped into this over the years—until we all of a sudden wake up and say, “Wait a minute.”

You know, if you come from another planet and you see what's going on, and see all of this productive land and of these qualified people with the excellent fruit and vegetables and produce, and yet people aren't making money, we're doing something wrong.

We can fix the tax system, we can fix the subsidies here and we can give money there, but the bottom line is that we have to somehow collectively start standing up for something national, whether it's a food policy or it's some program that recognizes our producers and gives them a chance to make money.

You mentioned expanding the list of sensitive products. I'd like you to maybe comment on that.

I'd also like to get Mr. Butler to comment on one thing that I've been told, that before NAFTA we had something like 1,000 onion producers in B.C. and now you can count them on the fingers of your right hand.

I'll stop there, and hopefully we can get a couple of comments.

Joe, maybe you wouldn't mind starting.

• (1115)

**Mr. Joe Sardinha:** Sure. Thanks, Alex.

Certainly, I called them “sensitive products” for a reason. The apple industry has looked long and hard at what supply management has. When you have an element of certainty around your cost structure and then around your revenue, that looks very attractive.

We had a chance—this goes back to the mid-eighties—when the Canadian apple industry did vote to set up a supply management or a marketing scheme. Ontario, oddly enough, turned it down. They've regretted it ever since.

So we've already had some initial national discussions on it. And the idea would be to treat apples with the same broad brush stroke as any other supply management commodity. Granted, it would work a little differently, though, because we cannot supply the needs of the Canadian apple industry. As a whole, Canadian apple growers produce probably 50% of Canada's needs, so we're going to be a net importer regardless.

It would allow us, though, to have that first point of entry control of regulation on imports so we could have a reference price for imported product without calling it a tariff. And we could have some sort of regulation of that product such that we in turn can effectively sell our product in an orderly fashion and at the same time, I hope, have a little bit more market power. We've lost considerable market power. We have no market power any longer with the consolidated retailers. So it would be an effort to rectify some of that.

I don't know if any of you have heard this before, but I heard a marketing expert this March at the Canadian Horticultural Council in Quebec City. I asked the question of one speaker beforehand, and this expert confirmed my suspicions. I asked the specific question: during this time of recession, what has happened with wholesale and retail margins in the fresh vegetable and fruit sectors?

The retail margins have increased—at a time when producers are getting less.

That is despicable. That should not happen.

Hence our industry's frustration, and hence the industry saying that perhaps we have to go down this road and consider some kind of special protection for the industry, because we really don't see things improving in terms of our empowerment with the retail sector and in terms of the free and open access that U.S. and other competitors have into our market because of NAFTA and other trade agreements.

So that's where we're coming from. I'm not saying that's the be-all and end-all or the solution. We are looking at things like perhaps trying to pursue an anti-dump and get five years worth of protection. I can tell you that system is also very expensive and very archaic. Industry has to put up a lot of up-front money without any assurance we'll win our case.

Just ask the potato people. They went through a case very recently to renew their five-year protection, and it cost them in excess of \$300,000. That was going to be their legal bill to take it to the CITT.

This is some of the reason behind our push for the concept of creating more sensitive product categories.

**The Chair:** Thank you.

Mr. Lemieux, five minutes.

**Mr. Pierre Lemieux:** Thanks very much, Chair.

Thank you, everyone, for being here. I met some of you before in my last pass through Kelowna, so it's very good to see you again.

I'll start with a few comments on supply management. I'm a big fan of supply management. There is lots of dairy farming and chicken farming in my riding, and certainly it offers a certain stability to those commodities.

But I do want to echo what Christine said in that it's not a panacea for all agricultural problems, and it really does come down to the commodity.

With milk, for instance, it's simply milk; but with apples, as you pointed out, there are many different types of apples, many different grades, etc.

As well, there is the whole quota system, the adjustment. There is a huge adjustment factor to go from the market system that exists now to buying quota, managing quota, and then of course you're into a very provincially regulated system.

So it's not a be-all and end-all, but it certainly has its advantages. I just wanted to highlight that.

Robert, you were talking a lot about standards, and I'd like to understand a little bit more in concrete terms what you mean by standards. I think of two different types of standards when you look at the final product. There is a food safety standard. If food is coming into the country, is it safe for consumption? I think we have processes in place, of course, to root out product that is not safe for the consumer, and that system is working.

Then is the quality side of standards, when they're not growing to the same standards.

Are you referring to a lower-quality product? Can you give me some concrete examples of what you're referring to when you're concerned about the standard of products coming into the country and how that matches up against Canadian produce?

• (1120)

**Mr. Robert Butler:** I think it's a combination of a couple of things. One is the food safety standard. We don't know that they're the same food safety standards that we have to impose here in Canada. We believe there are some standards from the U.S. or some standards from the European countries, but we don't know about some of the other standards from other countries we import food from, and yet they come in at a far lower rate than what we could even do.

There's also the quality of the product. We don't know whether that quality is the same. Today you can go into the markets and buy food, and you look at the label and the label still doesn't tell you today where that product is produced. It says "Packaged for", but it doesn't say where it comes from. We have no idea.

I did find one product at one point in time from Green Giant, the Jolly Green Giant, that said "Made in China", and since that time they've taken that off and they say it's "Packaged for".

So they are finding ways to get around the regulations and the rules.

**Mr. Pierre Lemieux:** Right.

**Mr. Robert Butler:** However, the standards are not consistent, that's the problem—

**Mr. Pierre Lemieux:** Yes. And what I'm trying to do is better understand what's meant by "standards". When I think of food safety standards, I can assure you that food safety standards are the same in Canada as they are for imported products, because the food is safe or it is not safe, and product that is unsafe would not willingly be allowed into the country for use by Canadian consumers. So from a safety perspective, the playing field is level.



From a quality perspective, I agree with you. But I also think the consumer can make some of those choices. If he doesn't like mushy apples, because the quality is not the same, then he won't buy mushy apples, he'll buy those nice crisp apples that are produced here in British Columbia.

Like, would not the consumer be able to distinguish—

**Mr. Robert Butler:** If you can get the consumer to ask the question.

**Mr. Pierre Lemieux:** Yes.

**Mr. Robert Butler:** Oftentimes—on potatoes, for example—you go to the supermarket today and with bulk potatoes it will say “Canada or U.S”. Now, you have to ask which ones are Canadian, of course. But that's not going to happen. It just doesn't happen.

The question was asked on onions. Onions are generally bulked on the shelf like that as well, although we don't have much more than three onion producers in B.C. anymore.

So the issue is that you can't get the supermarkets to do what should be done in the way you would want it done.

**Mr. Pierre Lemieux:** Right. So that's more of a labelling issue than a quality issue, then. You're not saying imported onions are lower quality, you're just saying we can't tell them apart, which would be a labelling issue.

**Mr. Robert Butler:** If you want the consumer to buy the Canadian product, you have to find a way to label the product.

**Mr. Pierre Lemieux:** I agree with you on that, very much so.

It kind of leads to my next question, which is on the education of the Canadian consumer. It's all in line, of course, with the future of farming. The whole idea is how do we make our farms more profitable? And then, of course, more profitable and more secure farms attract younger people to get involved.

Christine might be able to answer this from the point of view of both the British Columbia Agriculture Council but also the member groups. I notice there's quite a impressive array of member organizations. I'm wondering if you could share what kind of funding and what kind of initiatives are taken in terms of advertising so that the consumer is better informed, better aware, encouraged to make the Canadian choice, encouraged to buy the Okanagan apple, not the Washington state apple.

What kind of things are you undertaking at the consumer level? Do you undertake anything, as a council, or do your member organizations undertake anything in this regard?

**Ms. Christine Dendy:** For a while we had a “B.C. Grown” program, which was provincially sponsored. The funding for that was withdrawn. We still have that program labelling available, but the funding initiative from the province is not there at the moment and we don't know when we're going to get it back.

So commodities and producers and marketers are pretty much on their own in terms of their own marketing and advertising and what direction they want to go in. But we are certainly working fairly hard to try to get this B.C. Grown promotional program back in place.

●(1125)

**Mr. Pierre Lemieux:** I have just one more quick question here.

**The Chair:** As long as it's very quick.

**Mr. Pierre Lemieux:** Is there any kind of a strategy to put in place? I'm thinking of dairy farmers. Dairy farmers have a certain amount of money they spend—I can't remember what the number is, it's in the tens of millions of dollars—on advertising. I'm wondering, just taking the B.C. perspective, whether there is a strategy whereby all these groups that belong to the agriculture council would pay something to go into advertising and then launch an advertising strategy to inform British Columbians, “Buy local. Here's how you check it. Here's the advantage to you.”

Is there any sort of a strategy on that?

**Ms. Christine Dendy:** No, we don't have any strategy of actually levying all the producer groups for money to do a joint advertising program, but we are certainly working on the B.C. Grown and that label. We've done some market surveys and consumer testing, and certainly understand that there is some very goodwill at the moment for the consumer to be purchasing locally and to be purchasing B.C., but they don't know what they're buying. It's a problem when the labelling isn't there.

**The Chair:** Thank you very much.

We only have a couple of minutes left and I'm going to take the liberty, as chair, to ask the last question. I will direct it to our young farmers, to Ravi and to Kerry.

If there were one specific regulatory change that government could make, not only to your industry but to agriculture in general, what would that be?

**Mr. Kerry Froese:** Having heard what Robert and Joe said, we're seeing that we need to educate our consumers with these labels. If they don't know what they're getting, they're not going to choose the local product.

When the mark-up is after the farmer, and at the retail level, it's at a point where the consumer can't even make the decision to help the Canadian farmers. They're not able to make the right choice because they're not empowered.

That's something that I would like to see changed.

**Mr. Ravi Cheema:** If somehow government could make a law where retailers could not mix product together...

For example, our bell peppers are mixed with ones from Mexico, the U.S., and sometimes New Zealand. Every weekend I take my Mexican guys shopping, and I can tell they're looking at the cost—\$3.99—and looking at me like I'm making a lot of money, when really I'm only seeing 30¢ or 40¢ out of that.

I'm not too sure, but I believe the radio industry has to play a certain amount of Canadian music. Maybe the retailers should have to buy a certain amount of Canadian product and have to make the distinction between product from the U.S., Mexico and China, not mix it all together at the same price.

**The Chair:** To comment on that “Product of Canada” labelling, it should be a benefit to the retailer. To me, it makes no economic sense for them to mix them. I don't know why they're doing it.

Those are good comments.

**Mr. Kerry Froese:** We get pushback from our processors because they can obtain that product cheaper from other countries. They don't want to put that labelling on there.

**The Chair:** They want to put it together and average it out, I suppose.

**Mr. Kerry Froese:** And then call it “Product of Canada”.

**The Chair:** Thank you.

Very quickly, Joe.

**Mr. Joe Sardinha:** Thank you, Mr. Chairman.

I thought all along, with the huge discussion that happened country-wide with Product of Canada labelling, that was mainly looking at the processing side, because when it came to apples or fresh vegetables, wherever they came from—it was already in our regulations—they had to be labelled with the country of origin.

The big problem we have right now is that CFIA is not enforcing the fresh fruit and vegetable regulations at the retail level.

I know it's a question of resources, but it would sure be nice if we had someone going around covertly and doing a crackdown, and suddenly the word would spread throughout the retail sector that someone may show up and do an inspection, and if you've mislabelled your product on the shelf, you'll be subject to a huge fine from the federal government.

Enforce the fresh fruit and vegetable regulations and you will see the retailers come into compliance once and for all.

Thank you.

**The Chair:** That is supposed to be happening now.

Anyway, we have to get on a bus, as I understand it.

Mr. Cannan, since you call this home, we're going to give you the last comment before we adjourn.

**Mr. Ron Cannan:** Thank you, Mr. Chair.

I too would like to thank each one of you. I know you're very busy in your farm lives and you are passionate about your industry. We thank you for sharing your time and your concerns and your ideas and input so we can have a healthy, sustainable agricultural community.

I'd like to thank the members of the audience. I notice some representatives from the federal government's sterile insect release program and also Ms. Mohini Singh from the provincial government. Agriculture Minister Thomson has been working hard for B. C., and we are going to work together, all levels of government, so we can have a healthy and sustainable food supply for our community here and in our country.

Thank you, Mr. Chair. We look forward to visiting Nick's orchard this afternoon and having a chance to tour around there and another orchard, as well as a winery. We'll see some other segments of our agriculture community. I'm sure you'll feel the passion and the need for all levels of government working together with industry.

Thank you.

● (1130)

**The Chair:** Thank you again to all of you as witnesses for coming here today. Coming from the producer side in agriculture, I know how busy all of you are and how hard it is to take a morning off. I know some of you came a long way and we appreciate that. Thanks again.

Members, we do have to be on the bus. It has to be moving at 11:45 a.m., so grab your bags and run.

Again, thanks very much for having us here in Kelowna.

This meeting is adjourned.







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