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# Standing Committee on Agriculture and Agri- Food

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EVIDENCE

**Tuesday, May 4, 2010**

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**Chair**

**Mr. Larry Miller**



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•(0850)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** We're going to call the meeting to order.

Before we start, I'd like to say to our witnesses thanks very much for taking time to come here today. I know what it's like when you're farming to take even half a day off, so I appreciate all of you being here.

If I could have everybody keep your opening presentations to five to seven minutes, I'll give you a bit of a warning at five minutes. I'll be a little flexible, but if you see me do this, that means there's about two minutes left. After that there will be questions from the committee members, so if there's something you didn't get a chance to speak to in your opening remarks you can always enlarge on it a bit there.

We're going to start with Dylan Jackson. Dylan is heading away later today on a school bus trip. Dylan is 18 years old, and he's from the Warton area here.

Dylan, I'm going to turn it over to you.

**Mr. Dylan Jackson (As an Individual):** Hi. Thank you for coming to Warton and talking to us about our young farmers.

I've lived on a beef cow-calf farm all my life, and if I were to take over the farm I'd be the fourth-generation farmer. I currently own six heifers and close to 40 sheep. It's a profitable business for me right now, because as I'm still living at home I really don't have any expenses. All my feed, pasture—it's all given by my dad in trade for my labour.

In grade 11, in career study class, we were supposed to study a career of our choice. I chose farming. I got a little bit of information back then about prices and all that, and I have some information that I'd like to hand out.

**The Chair:** Somebody will come around and get it, Dylan.

**Mr. Dylan Jackson:** Shown in the papers here, I think it was a couple of days ago, I went on the Brussels Livestock Market website and I printed off prices of beef cattle. It's on page 3. I've written in the prices that I got from my grandma and grandpa's income tax books from 1988.

As you can see—once you get your sheets—it says that in 1988 my grandma and grandpa sold 18 Simmental steers. They averaged 963 pounds each and they got 84¢ a pound. Today, out of the Brussels Livestock last week, top-quality stocker steers were averaging 900 to 1,000 pounds at 92¢ to 98¢ a pound—a little bit

of an increase. Also, back in 1988, my grandma and grandpa sent away 10 cross-bred heifers averaging 963 pounds, and they got 81¢ a pound. Today, in 2010, top-quality stocker heifers are averaging about 84¢ to 97¢ a pound—not much of an increase.

It just goes to show that in 1988 versus today in 2010, there's not much of an increase in the price of beef. On the other hand, there is a great increase in expenses for farmers. In 1988 grandma and grandpa spent \$1,500 on fuel—gas and oil—for farm use. Today you can spend upwards of \$5,000 or more, depending on the situation.

Another expense that's kind of interesting to point out is fertilizer. In 1988 my grandparents spent \$321 per tonne; a few days ago it was \$644 per tonne. That's a big increase. It's actually fairly good compared to last year.

I don't see why any young farmer would want to invest in an occupation that costs money. When your income is a lot lower than your expenses, it's not a profitable business. That's what I see. I don't see many young farmers wanting to get into a business that you have to spend money to make none.

If you want, you can look at this income book. I could pass it around. There are two of them, if you're interested.

And that's almost all I have to say.

•(0855)

**The Chair:** Thanks, Dylan. I'm sure there will be some questions for you.

Ray Robertson has a limited time here today. He may have to leave before the session is over. Ray's with the Grey-Bruce agricultural services.

Ray, I'll turn it over to you.

**Mr. Ray Robertson (Vice-Chairman, Canadian Forage & Grassland Association):** Thanks very much, Larry.

First of all, I want to thank you very much for coming to the riding here and doing this session. I appreciate you taking me in at kind of the last moment here.

I represent the Canadian Forage and Grassland Association today. I wear a number of hats in the industry related to the agricultural centre in Markdale.

I'll refer to the Canadian Forage and Grassland Association as the CFGA. It includes forage producers from right across Canada. A significant number of those producers are right here in the Grey-Bruce area.

I realize that I have a pretty short timeframe; I think you said four minutes, Larry. You said if I could do it, you could work me in, so I appreciate that, Larry. I'll stick right to my notes here and try to come in within four minutes. I realize there's a lot of time required.

A delegation of CFGA just returned from a forage fact-finding mission to the Middle East, including Dubai, Abu Dhabi, and Riyadh in Saudi Arabia.

Most of the Middle East area that we were in is in the middle of a desert and facing a severe reduction in water table. As a result, their government is phasing in an irrigation ban on farmland. Abu Dhabi has a strong commitment to food security, so it agreed to subsidize forage imports to support livestock production, which includes dairy, goats, sheep, camels, and horses. We were actually on a number of those farms.

Their annual forage requirements in the current year are estimated at close to 800,000 tonnes, and that number is growing rapidly. Last year, Abu Dhabi Food Control Authority paid out \$250 million in subsidy alone for the forage imports. They're actually subsidizing producers to bring in forage to the country, since they're not allowed to irrigate. That irrigation ban is being enforced; and over the next two or three years, it will be totally banned.

Industry experts speculate the next tender will reach 11.1 million tonnes in 2011. Fortunately, Canada is seen as a preferred supplier in most goods, based on a strong global reputation for quality and service. If Canada were to receive even 5% of that 11 million tonnes, it would equate to significant export trade revenue for Canadian producers.

I'll use an example. If Canada alone had 550,000 tonnes—I'm just using a figure of \$400 a tonne—\$180 million U.S. would be a reasonable figure that we might expect from that.

In fact, the UAE government continues to encourage Canadian suppliers to collaborate with other countries to develop a four- to six-year supply. They're not looking for short-term suppliers; they want people who can come in and serve the country for a longer term. They're not interested in just a year at a time, that sort of thing. They're interested in developing relationships, and that's part of our reason for being there, to brand Canada and start to develop that relationship.

Based on western Canada exporters, Canadian producers are currently facing a 36% cost disadvantage due to higher freight costs plus a shortage of container availability.

In keeping with the main theme of this meeting and looking at how young farmers can be attracted to the agriculture industry, the forage sector is a prime example of one that is possible for them to participate in if it is viable. If you compare it with the dairy industry where quotas are extremely high, it's very difficult for young persons who are starting, unless they're starting with a family operation. Many other operations require an awful lot of overhead. The forage industry is certainly one that is reachable for many young farmers, but it must be profitable.

As Dylan said, why would anybody do it if they can't make a profit? No other industry would do it. Nobody else would.

I realize my time today. We want to table our concern and keep the door open for more discussion in the near future.

Wanting to finish on a very positive note, our fact-finding mission to the Middle East was most successful. We certainly came home having been very warmly received in the Middle East. The door is wide open for business when we are able to compete on a level playing field.

I thank you most sincerely for coming to the Grey-Bruce area and providing the opportunity for local producers to express their point of view. On behalf of CFGA, I look forward to meeting with you at a time that is mutually acceptable and discuss the situation in more detail.

● (0900)

**The Chair:** Thanks very much, Ray.

We'll now go to Greg Ardiel, a young farmer from the Thornbury area.

**Mr. Greg Ardiel (As an Individual):** Hi. My name is Greg Ardiel. I'm a fourth-generation farmer, mostly in the tender fruit industry. I grow apples primarily, as well as grapes and pears. I'd like to thank you all for coming out here today to listen to some of our growing concerns.

There are many obstacles to be faced in farming as a whole, whether you're just beginning or just ending, as more and more seem to be doing. This is why it is so important to help young people to continue to farm and to create the incentives needed. Our Canadian government is starting to take steps forward to once again make farming a lucrative and successful career and lifestyle. There are many things that can be done to help the entire agricultural industry; some of these steps cost more than others, but they all have a positive impact directly to the farmer.

Canadians are becoming more aware of what's in their food and where it comes from. They want to see healthy and safe Canadian food on their grocery store shelves and their shelves at home. Simply creating more stringent labelling laws that would clearly define where most of the main ingredients of the product come from would help to provide more revenue for farmers. That's part of the money making it back from the retailer. Something as simple as writing labelling laws doesn't cost a huge amount to the government; it's a relatively small bill, compared to some other methods that could be taken.

When it comes to helping youth start into farming, whether taking on the family farm or buying their own, the biggest challenge is quite simply cold hard cash. The need for equipment, a house, an implement shed, and a bunkhouse for workers makes it very difficult to start. This doesn't even cover the operating costs, such as fuel, chemicals, labour, and miscellaneous farm items, and to combine these costs with a low net income produces very little incentive for any farmer, especially a young farmer, to start into the industry.

The effects on the economy would be detrimental if agriculture disappeared. It's Ontario's second-largest industry and is running neck and neck with the auto industry as the largest in Canada.

The average age of farmers is over 55, so this gives us little time to come up with succession plans and viable programs to sustain such a large industry and ensure a healthy future for all Canadians. This means the government must create incentives needed for young people. The only youth getting into farming are doing it with the help of their parents, whether that is through low interest rates—or no interest rates—on farm equipment or through shared labour. Not all farm families are even able to support such methods, as they're costly to the families. It's easier to sell the farm and let the youth move on to more prosperous and less stressful careers.

I recently purchased a farm and am trying to make a living of it. I work for the Canadian Coast Guard on the ships as well, month on and month off, to offset the costs of farming. This consists of 12- to 13-hour days, seven days a week, to allow me to take a month off, though when I get home, more or less the same schedule continues, so it's not overly enticing.

I also rent out the main house and two of the rooms in the bunkhouse where I reside on the farm. My dad and my brother help look after things while I'm gone; I wouldn't be able to do it without them. But right now I'm paying to farm, which begs the question of why anyone would want to get into a situation like that. I guess it would be because, being brought up on a farm, you love the lifestyle and the work entailed with it. But eventually—soon—there need to be some dramatic changes to entice young people, or people at all, to choose this career.

This comes back to the cold hard cash I mentioned earlier. A program that would allow young farmers to borrow money in long-term loans, possibly with the first three to five years of interest waived so that we'd be paying principal only, would greatly help us to get better established and gain a more solid footing. Another opportunity would be to help farm families create a viable succession plan by providing government funding to hire consultants who specialize in succession plans. It isn't right that a person should farm for a lifetime, working tireless days, only to more or less give the farm to the children and take just enough for themselves to retire. These programs can help our youth, but, plain and simple, they require money.

The federal government also mandates that tree insurance will not be provided for first-year farmers. This is ridiculous, as a natural disaster, which I faced earlier this year, will not pick and choose which trees it destroys. The young farmer will be completely out of pocket for these trees and will be forced to replant with less income than before, because of lost acreage. This needs to be addressed.

Also, Farm Credit Canada has been established for many years to help farmers. When I went to them about interest rates and mortgage loans, they told me that they couldn't help young farmers because young farmers didn't have the background or the assets to put up as security, but being in the business they're in, they need to help the young farmers, because the old farmers won't be around that much longer.

● (0905)

The problems facing the industry as a whole also make it harder for the youth to get into it, and need to be addressed. These problems include greatly increased labour costs, with increases up to 28% over the past three years; chemical costs constantly going up; new regulations banning various chemicals that we've used before, with new costly ones coming out; imported products, particularly from China, and a lack of support from our own Canadian chain stores. More common sense and moderation need to be used to improve safety and pesticide risk management as well.

The bottom line is that the costs of production continuously keep rising, while return profits remain the same. I think this has been addressed by Dylan and by Ray.

Overall, I believe moderation is key to successful and therefore sustainable agricultural industry. The government needs to take a step back for a moment and take a good, hard, objective look at what is happening. With perhaps a little less administrative paperwork and more discretion in new regulations, together we can re-energize agriculture and help to brighten all of our futures and a whole bunch of flourishing industries.

Thanks again for your time.

**The Chair:** Thanks very much, Greg.

We'll now move to Keith Kirk.

**Mr. Keith Kirk (As an Individual):** I'd like to thank the group for coming here today to what we sometimes call God's country. It's a great place to live.

When Larry called and told me that this was to be about young farmers, I thought he'd called the wrong person. I'm 61 years old, so I'm older than the average farmer. But I'll give you some history of how I started and how my sons are going.

I was raised on a mixed farm not very far from here. My father died when I was 14 years old, and I have three sisters. At that point, my mother had been a school teacher, so she went back to teaching school. We kept the farm going at a reduced scale. I went to the University of Guelph and graduated from there in 1971 with a Bachelor of Science in Agriculture. I came home farming at that point.

My mother wasn't really happy about that, because farming in the late 1960s and 1970s was a lot like now: it wasn't making any money. My classmates all had two or three job offers to go to into industry. But I actually made some money in the 1970s and built up some equity. My classmates came home in the late 1970s or early 1980s, when things were looking better, but some of them didn't survive the 1980s. A lot of it is timing in this business.

When I came home to farming, I rented the farm originally from my mother, with a rental purchase agreement. Then in the 1970s I bought the farm from her, but she carried the mortgage and we worked things out that way.

I'm now married to my wife, Darlene, and we have two boys. Kevin is 28 years old and is still at home with us. He owns cattle and some machinery and does some custom work. My younger son Scott is 26; he's married to his wife Allison. They both work off the farm. Two years ago we sold them a 100-acre farm we had bought that has a house and barn on it. The farm was appraised, but we sold it to them at less than the appraised value. That allowed them to have some equity so that they could go to a financial institution to arrange a mortgage. At that time the capital gains exemption helped us, to some extent, because we didn't have to pay capital gains tax on it.

We still all work together. The cattle are all owned separately. The crops are more or less separate too, but there's a sharing of labour and equipment. It's pretty standard.

The original 190 acres was a mixed farm. We now have about 600 cattle, we're cropping 1,000 to 1,100 acres, and then there's another 700 to 800 acres in hay and pasture. I don't like having all my eggs in one basket; that's why we're cash-cropping and into cattle.

We rent about 1,400 acres of workable land. I deal with 27 landowners, so some of those acreages are small. I have to keep a list of the rents I have to pay, and about half of those are to either widows or retired couples who still want to live on the farm but want it looked after. We don't pay them big cash rents. In some cases, we blow out their lane for them to keep the lane open and we sign their property tax rebates. But we look after the land as if it were our own, and that's what's important to these people. I looked at that list again this morning. Twenty families used to make their living off the land we're now farming, and we're not getting rich from those twenty farms.

I'd call ours a medium-sized operation. There are smaller operations, and quite often they're working off the farm to sustain the operation. Then there are some large operations that... I don't know whether they're profitable, but they have the cashflow and they seem to be able to keep going that way for a while.

Besides the farm, I have a seed corn dealership that I've had for 35 years, I guess, so I'm on farms talking to other farmers quite often. I looked at that list. There's one hog farmer left and about twenty dairy operations, and in seven or eight of those there's a second generation involved. In three of them there are actually two sons involved, so there's some succession happening there. We have about 35 cash-crop or beef operations, and once again about seven or eight of those have a second generation, but it's usually one son, and he's maybe working off the farm but helping the father.

The mood out in the countryside, I'd call it cynicism. We've all become a little cynical. We're dealing with the consumer. They want cheap food. Everybody wants cheap food, but what gets us, I guess, is that our farmer's share of that food basket keeps shrinking. Somebody else is getting the money ahead of us. We're dealing with large multinational corporations; it doesn't matter whether we're buying or selling. We've been getting gouged by some of these corporations.

● (0910)

I'll give you two or three examples. For glyphosate or Roundup we used to pay \$12 a litre. For the last I bought—and I joined

Farmers of North America, which is a sort of buying group—we paid \$3.60 a litre.

For Ivomec.... This one really sticks in my mind. I was down in the States a few years ago and heard a vet say, do you know what "Ivomec" stands for? We had no idea. He said it stands for "increased volume of money extracted from cattlemen". It was a joke at the time, and we all laughed. We used to pay \$450 for five litres of Ivomec, and I'd buy jugs and jugs of it. I bought the last stuff at \$90 a litre.

For phosphate fertilizers, in the fall of 2008 I paid \$1,425 a tonne for some; in the fall of 2009 we paid \$525 a tonne. I know these companies need money for research, and we don't begrudge it; I see it from the seed business. But I know the returns on assets that these companies expect, and it's about ten times more than what the average farmer is making—and we see the CEOs making millions of dollars.

Then we have to deal with government. We realize that you're all running deficits—we came through a pretty serious recession here. But there was a lot of money quickly flowed into the auto industry to bail out some of what we would think of as poor management. We don't see that much money coming into agriculture. In some of the programs that are announced, we're finding out that maybe 40% of the money is going to administration and is not getting back to the farmers.

Then we deal with bureaucracy. I started listing some of the things and the people we have to deal with. We have source water protection, we have nutrient management, we have environmental farm plans, we have the risk management program, we have AgriInvest, AgriStability, CAIS—my favourite. And then, we have one employee, so we have to deal with Workmen's Compensation and the safety board.

Typically, farmers lived poor and died rich, but the next generation, they don't want to do that, and I can understand why. If you want to attract farmers into agriculture, it's pretty simple: they have to be able to make some money; it has to be profitable. We need some competition in the marketplace. There's too much power in too few hands that we have to deal with.

We need some government programs that are bankable, and I think we need some caps on some of those payments. When I say bankable, I mean that the safety nets.... The volatility that we see in prices today was just unheard of back when I was a younger farmer. We need a level playing field, to some extent. We're in the beef business, so we compete with Alberta, we compete with Quebec, we compete with the States. I know that's maybe a provincial responsibility, but I think the federal government can help some there too.

I have down here on my list "less red tape". I know that's not going to happen; there's not going to be any less red tape, but we need some accountability or something with the civil servants. A lot of them do a good job—they'll work out in the field—but there's a level of bureaucracy that has gotten out of hand, and they don't seem to be accountable, to us. They're not accountable to farmers, and I don't know whether they're even accountable to you guys. I think something has to happen there.

Among things that you've done to help us, the capital gains exemption helps, and the Income Tax Act with the optional inventory adjustment has helped us. The Agricultural Commodity Corporation has helped with some cashflows. And you brought out some other good programs. There's Growing the Margins, and I can't remember the name of this program, but we had a barn fire in 2003, and I wasn't sure I wanted to go back into this beef industry. But you had a program whereby if you spent \$100 you got a consultant to come in and give \$2,000 worth of his time. We went through that program, and it was a good program. There are things like these that you're doing that can help.

In closing, I probably have to apologize for sounding negative, but we've beaten our heads against a wall for quite a while now. We haven't made any money in the beef industry since BSE hit.

I've been in it all my life, and I know it's cyclical, but we used to have one or two good years. We've waited a long time for those good years. I hope they come someday.

We need some optimism and enthusiasm, and that's why I applaud youth. They can bring that with them. We have to get some young people into this industry.

Thank you.

● (0915)

**The Chair:** Thanks, Keith. You certainly don't have to apologize; we've heard some of that before. And in terms of the bureaucracy, we don't even want to get started on it. You only touched on the surface. It's ridiculous sometimes.

Now we'll go to Wayne Ferris.

**Mr. Wayne Ferris (As an Individual):** As I think you have heard from all the speakers, farming is intergenerational, passed on from one generation to the next. My grandfather emigrated to Canada in 1888. He was a farmer when he came, and he remained a farmer. My grandfather farmed all of his life. My father started farming in 1936 with six heifers, a team of horses, a horse and a buggy, and a rented farm.

In 1960 I decided that I wanted to farm after I graduated from school. My father advised me to go and get a job, since farming had had good years and bad, and he had experienced those and felt it was going to continue.

I often think of my dad's advice as I work with farmers struggling with their financial affairs. I went to Toronto and got a job. I progressed through the chartered accounting field and became a chartered accountant. That's my profession, but my passion is farming. I've been able to mix the two of them, because I specialize in farm accounting.

The years of the sixties and seventies were years of increased production, when the boys and girls who came out of the agricultural colleges were to produce for a starving world. The marketplace was there. We could do so much to feed the world.

It didn't happen. It takes money to buy food, and those countries don't have the money.

In the early eighties, the high interest rates took out a group of those farmers. As we started to rebuild after the high interest rates, we entered into an area of specialization, and bigger was better. We've seen the result of that. It just hasn't worked.

Being intergenerational, to have a successful succession plan requires three things: financial readiness, management readiness, and communication readiness. I think the farming community is well situated with management readiness. I think that the youth of today are better educated and more knowledgeable on all aspects of farming. With communication readiness, it depends on your family. It doesn't necessarily always flow, but I think that certainly the government programs that have been around have assisted in developing that. As for financial readiness, I always say it's tough to will debt. That's really where we're situated with regard to the succession plan. It's tough to bring in the new generation when the old generation is in dire financial straits.

The Income Tax Act has given favourable treatment to farmers and farm families. This is a great benefit in succession planning. The capital gains exemption of \$750,000 on qualified farm property allows for retirement of parents without taxing their retirement funds. Keith alluded to that, that they...in their intergenerational transfer, why they used that. Most farmers rely on their real estate for retirement funds. The capital gains exemption greatly assists in intergenerational transfers.

I think from time to time there is a lobby to have that increased. I don't feel that it needs to be increased. A husband and wife get \$1.5 million; my own personal opinion is that it shouldn't be used as a tax shelter, and I think it's quite adequate where it is.

The capital gains exemption should be extended to qualified farm real estate owned by family farm corporations. Corporations have to sell out their shares. Most farmers divide up their real estate to their family, and it prohibits them from going into a corporation if they have to dissolve the corporation at the end and there's no mechanism to take that property out of the corporation other than at fair market value and pay the capital gains tax on it.

● (0920)

Alternative minimum tax has a negative impact when attempting to use the capital gains exemption. Qualified farm properties and qualified small business shares should be exempt from alternative minimum tax. I don't think when the alternative minimum tax was brought in that the intention was to catch qualified farm property, but certainly that's the way it works. We struggle with it all the time. Whenever seniors are selling their property they're caught with this alternative minimum tax, even though they have the capital gains exemption.

Taxpayers who sell qualified farm property should likewise be exempt from the clawback of the old age security. Any farmer who's over 65 and getting the old age pension who sells his farm, or tries to transfer it and make use of the capital gains exemption, loses his old age pension for the year he sells it. It's a kind of an ongoing thing because the year for the old age pension runs from July to July.

Consideration should be given to allowing for transferring farm real estate from farm corporations on a tax-exempt basis when it is transferred to the next generation for the purpose of farming. Again, that's going back to the previous one, but on a little different point.

Presently it is not possible to transfer qualified farm property to siblings, nieces and/or nephews without extensive tax planning. If these relatives are to farm the properties, the requirement of the transferring at fair market value should be removed.

Cash basis accounting is a great benefit for the farmers, and in particular it is beneficial to young farmers, deferring income taxes until inventories are sold.

I feel there are a lot of positives under the Income Tax Act. I've enjoyed working with the income tax in the farm community. There are a lot of good points in there.

With respect to some other issues, I guess every speaker has talked about how profitability, financial security, long-term financial stability are what are necessary to attract the next generation to stay on the farm. I'll repeat that. Profitability, financial security, and long-term financial stability are necessary to attract the next generation to stay on the farm.

This challenge for financial security is not unique to the Canadian farmers. We have to be able to compete on a global market. The stability and future farm profitability cannot be dependent on government programs alone.

Programs such as NISA, CAIS, AgriInvest, AgriStability, and risk management that provide payments have been very necessary but do not produce viable farming operations or long-term stability. In my opinion, NISA and AgriInvest have done more to assist young farmers and small to mid-sized farmers than CAIS or AgriStability have.

More must be done to assist farmers in marketing their products, not just selling what they produce. I think over the years marketing has been the weakness of farmers, and I think it's still the weakness of farmers today. We produce for a market we hope is going to be there and we take the price that is provided at that point in time.

Production of quality farm products has been achieved. Financial management has continued to improve. Marketing of the product on the world market at a profit remains the challenge. Diversification of commodities may help in levelling the ups and downs.

Secondary income, be that farm related or non-farm related...today there's a lot of pension money flowing in to keeping the farms going. Off-farm employment, other business ventures, or added value to the farm products are necessary for the short term to obtain financial security for young farmers. I would say this current year that the people who have that secondary source of income, whether it be custom work, selling farm machinery, or whatever, are the only ones.... There was a lot of red ink out there this year, and those were the people who tended to do the best, with that diversification.

● (0925)

The well-being of the rural business community is dependent on a profitable agricultural business to support it, and the farmers benefit from profitable rural businesses in our local towns. Government incentives to rural business indirectly benefit the farmers. These businesses can be a source of off-farm income.

I want to thank you for coming to the town of Wiaraton, north of the gates. I wish you well in your challenges ahead, because the average farmer is getting older and older. I know that my son, who I believe is here today, would love to farm, but he and his wife just bought a small farm and they're both working off the farm to support that farm.

**The Chair:** Thanks very much, Wayne. I'm sure there will probably be some questions for you on generational transfers. Thank you.

Now we have our last speakers, Harry and Leony Koelen from between Chesley and Walkerton. Go ahead.

**Mrs. Leony Koelen (As an Individual):** Thank you all for coming here.

We are Harry and Leony Koelen. We live in Paisley with our five kids. We emigrated from Holland in 1991, with backpacks and \$2,000. We worked for other people for four years before we bought our own first farm in Brussels. In 1999 we sold that farm and moved to Paisley, where the land was cheaper, and we built our new 2,700-head sow barn. We built the other 2,700-head sow barn in 2003, and accumulated 1,100 acres throughout the years. Right now we employ 16 full-time people and a few part-timers.



As young farmers starting from scratch, we can identify with a lot of the struggles that young farmers face today.

The number one problem is access to capital. You need a lot of capital to start farming. It is pretty hard if you have to do it on your own without any help from family. Even with help from family, it's still often very hard to accomplish. We feel that there is a need for a start-up program for young farmers in the form of a government-approved loan that would come with low or no interest payments and flexible terms.

Applicants would have to submit a business plan, and cashflow projections would have to be approved by a peer review committee. These programs need to be designed so that only starting farmers can access them and there are no loopholes for big corporations to grow larger from them. In our own situation, we found it very frustrating that despite being very well educated in swine, it was extremely hard to get financing and other people around us with equity but no experience in pigs could just get the money and start building sow barns. Today we know that most of those people do not own those pig barns any longer.

**Mr. Harry Koelen (As an Individual):** I'm Harry.

We can talk about the weather, and the Canadian dollar, and a lot of other issues that face young farmers that the government can't help us with a lot, either. We're just trying to put together some other things that maybe we can get some help with.

Just to get back to what Leony was just talking about, I think Ontario—or I'm not sure if it was federal—used to have a program that I think was called FarmStart. I don't know if it was in the 1980s or early 1990s; I think it was before the time we were actually in Canada. I've heard from some other people that it was actually their only help to actually start farming in those days.

Another problem we see is that young farmers often miss out on government safety net programs. It takes a long time to build up enough reference years, and the beef, hog, and horticultural program did not deliver any money to our Bruce farm in 2008. To fully qualify for the payout, we had to be in business since the year 2000. We started selling pigs in 2004 so we mostly missed out. You pretty much had to be in business for at least eight years to fully qualify for the program. This really hurts young farmers. They need these programs more than their established counterparts. They are the ones with the lowest equity and, worst of all, it puts them at a real disadvantage and makes them less competitive compared to their established counterparts.

Another problem farmers are facing is the wild swings in commodity prices. I know it was mentioned before already, but while it is hard for the established farmers, for starting farmers with their higher debt loads it is just deadly. A risk management program, especially designed for a starting farmer, could be very helpful. It should be a program where the applicant does not have to pay in for a number of years or need a number of reference years to be able to qualify.

• (0930)

**Mrs. Leony Koelen:** What can we do to get young people interested in farming? Farming has a negative image with the general public. We have to re-educate the public about where our food comes

from. Rural high schools should offer agriculture classes to get young people interested. Young people should be shown that you can make a good living farming, and it's a great lifestyle as well.

We have to think outside the box. We have to offer young people alternative ways to get started in farming. Young farmers don't have to start 100% on their own. They could buy shares in a larger operation where they will be supported by knowledge and experience from the current producers and they can slowly build their own equity.

In our area, we hear it all the time that people do not encourage their children to go into farming. We feel that young people need to be educated. There are a lot of different ways to make money in agriculture.

Through the Outstanding Young Farmers organization, we met a lot of young, very innovative people who are very creative in making a living from farming. A lot of these people started from scratch and built themselves a very viable business.

**Mr. Harry Koelen:** There are a lot of other challenges that face not just young farmers but all farmers in Canada. I want to touch on that somewhat.

As mentioned earlier today, there's an unlevel playing field for producers within Canada—for example, between Ontario and some other provinces. Quebec had the largest percentage of the country's sow herd but yet had the lowest percentage that participated in the buyout program—because of Quebec's ASRA program, of course. The ASRA program guarantees Quebec's agriculture producers their cost of production. How can we compete with that in Ontario? It's hard to believe we can have such a difference in support within one country.

We seem to have a lot stricter export rules than import standards. They should be the same. A lot of our products leave the country produced under very strict rules, yet a lot of imports do not meet our quality standards and regulations.

If the U.S. implements COOL, why can we not do the same? We know the government challenged the COOL law, but it will take years before the WTO will reach a verdict on the dispute. In the meantime, could we have an interim Canadian COOL law in effect?

We have to streamline rules and regulations with the U.S. and between provinces. There is too much red tape in Canada versus the U.S. New pharmaceutical chemical products take too long to be approved in Canada versus the U.S. We know that those products have to be checked out, but processes have to be somewhat sped up.

Something else to think about is maybe supporting supply management when negotiating free trade. It could result in being excluded from free trade deals for other agricultural products. We're saving one sector and hurting many others. Maybe there has to be some give and take there.

Government does not owe its farmers a living, but it does need to supply them with proper legislation and policies and a level playing field for us to be able to make a living.

Thanks again, everybody, for the opportunity.

● (0935)

**The Chair:** Thanks very much, Harry and Leony.

You touched on the Outstanding Young Farmers program. Just for everybody's information, you won that award three years ago, did you not, Harry and Leony?

**Mr. Harry Koelen:** It was 2006.

**The Chair:** That was quite a feather in your cap, and I think it speaks well.

We'll move on to questioning.

For everybody's information, this is being wired straight back to Ottawa as we speak. If you are better on a computer than I am, you can go on tomorrow morning and actually read the Hansard in the House of Commons. This committee meeting will be there, if everything goes right.

Without further ado, we're going to move to Mr. Valeriote for five minutes.

**Mr. Francis Valeriote (Guelph, Lib.):** Thank you, Larry.

First of all, I want to thank each of you for coming before this committee. I know it has taken valuable time out of your day when no doubt you have other responsibilities to attend to.

We have travelled across Canada now to each of the western provinces, and for me it's been an eye-opener.

You're being optimistic, and I applaud you for that, but from what I've heard, I see the situation as grim.

People around this table have heard witnesses out west say that if we don't deal with this effectively, quickly, and responsibly—and it's going to take a lot more than tweaking a few of these programs—and if we don't have a full review of our farm laws and our programs, from our free trade agreements down to AgriStability and every other thing, then we are going to turn our rural areas into ghost towns.

Keith, you've been far too polite. I applaud you for that. But I think it's time you expected more from us as your members of Parliament. I really would insist on that from you, that you demand more. You're entitled to more.

Greg, I understand your point about food labelling, but darn it, most people out there are only interested in price. There's that certain part of the population who are prepared to buy Canadian, but the first thing they look at is price, unfortunately.

We've heard across the province and from you today about the need for correcting our business risk management programs, the issue of the cost of land being an impediment, and about the lack of harmonization between regulations and approval processes. Harry spoke about that. We talked about competition laws that are allowing certain parts of our industry to consolidate, whether that be the farm inputters, like fertilizers, or the processors, etc. I mean, there are so many things that are broken that anything but a total overhaul is going to really just underestimate the seriousness of the problem.

I'd like to talk about the competition laws. In Canada our competition laws only prevent price fixing. They don't prevent breaking up large companies, as they do in the United States.

Are any of you able to comment on the need for a law that would allow us to go to these large, consolidated companies that are making you be price-takers? Do you think there is a need to fix those laws?

Would anyone like to tackle that one?

**Mr. Keith Kirk:** I'll speak to it.

In the beef business, we have one major player in Ontario. It's Cargill. In Ontario, we used to have the highest price of beef in the fat cattle market, because within 400 or 500 miles there's a tremendous population. This winter, we had the lowest-priced fat cow. Cows were a lot higher in the States, and they were higher out west.

I know some of these buyers who work for these companies. When talking to them, I asked why this was happening. They said, well, we know it's happening, and it shouldn't happen. Their solution was that instead of bringing our price up to where it should be, they were going to bring the price in the west down.

I watched the prices, and that's what they did. They brought the price down in the west. Ours has come up a little bit, so it kind of evens out. These packers right now are making pretty good money, but it's to get them to share it with us...and I don't know why they don't want to do it. I know that Cargill wants to invest more money in their plant in Guelph, but unless they have some beef farmers here in Ontario to support them, there's no sense doing it. It's sort of the chicken and the egg. We need them, but they also need us. There has to be some balance. But they've got too much power; we can't compete.

● (0940)

**Mr. Francis Valeriote:** Do any others want to comment on any of that?

Let's move over to education. We were at the University of Guelph yesterday morning. They were talking about the techniques they're teaching young farmers, not just on farming but on diversification and that kind of thing.

When I was in law, every year I went for upgrading courses to make sure I was on top of the recent law and the new techniques and technology that I had to incorporate into my practice. Do any of you engage in those kinds of programs, where you look to diversify processes or production on your farms? Have any of you engaged in that?

Harry.

**Mr. Harry Koelen:** We're actually always looking to diversify. We're in the pig business, and it's not been all that wonderful in the last few years, so we're always looking to diversify.

Over the years, it was never a good idea to.... Sows always made us more money, but now, in the last couple of years, it's been a different story. We're going to take advantage of the new solar programs. We're going to put up some solar panels.

Yes, we're always looking for other opportunities.

**Mrs. Leony Koelen:** I have to say that you also have to look at the fact that you can diversify, but you'll lose some of your time with your current operation, right? So for us, having more sows was always a better deal than going for farrow to finish, because you're doing different things at a time. It takes less time for us to add some more sows. If you're going to diversify, you need a whole new set of eyes on something else.

**The Chair:** Dylan, you had your hand up?

**Mr. Dylan Jackson:** Our farm is a beef farm, and it has been for a while. A few years ago, I think when I was 12, I bought sheep. I diversified into sheep.

Sure it's diversification, but I don't think it's done anything. Like, you still have expensive feed, machinery—all of your expenses that go into farming. It's about price. It comes down to the bottom line: the price of what you get when you sell your livestock. If it's not going to subsidize you, or if it's not going to be any higher than what it costs to raise the animal, it's just not worth it.

**The Chair:** Thanks, Frank.

We'll now move to Ms. Bonsant for five minutes.

[Translation]

**Ms. France Bonsant (Compton—Stanstead, BQ):** Good morning.

Mr. Ferris, you talked about three things relating to intergenerational farms: finances, communication and management. I agree with you when it comes to communication. However, I don't agree with Mr. Valeriote on the subject of labelling. I think we really should have good labelling.

I'm talking about Quebec, because I'm not familiar with agriculture in Ontario. The Quebec government has an advertising campaign with the theme "Put Quebec on your plate!" That encourages buying locally. It explains to people that agriculture is important. We often hear about food sovereignty. The program has been operating for two or three years. Young people in my daughters' generation read the labels to know what a product contains. A lot of children have allergies. We don't want producers to put their recipes on the labels, we want them to show the source of the product.

Regarding labelling, I agree with you, Mr. Jackson, it's necessary. Yes, there are people who only look at the price of the product, but others look mainly at quality. I would like to hear your comments on that, Mr. Jackson.

I have toured my farms. You say you didn't get much for a cow. One of my friends got a cheque for 2¢ for selling her cow. She framed her 2¢ cheque and hung it on the wall. Every time I go to her house, on the farm, and I see it, I find it very funny.

What additional support do you think your government should give you to enable you to keep your head above water? I'm not just asking you. If someone else has good suggestions, I am very open to those suggestions.

● (0945)

[English]

**Mr. Dylan Jackson:** Well, I'm not sure how you subsidize somebody, but maybe there could be some sort of guaranteed price in the auction barns. If you knew that you were going to get so many dollars a pound when you sold that animal, you could kind of figure out how much you could put into that animal.

[Translation]

**Ms. France Bonsant:** You mean it is important to preserve supply management.

[English]

**Mr. Dylan Jackson:** Yes.

[Translation]

**Ms. France Bonsant:** We are fighting for supply management, because we know it gives farmers a guaranteed minimum. That doesn't help pork producers. Still, we are really fighting hard to preserve supply management, to guarantee your survival too. That is why I am very pleased to hear it isn't just Quebec fighting for supply management, you are too. It absolutely has to be protected.

[English]

**Mr. Wayne Ferris:** The one advantage with regard to supply management is that there is mandatory level of production. I guess the challenge in the beef business has been oversupply, and it's very difficult to take taxpayers' money to support an industry that is being exported to the level that it is.

So I think increasing exports in some industries is the answer, but again, COOL works against that very much.

[Translation]

**Ms. France Bonsant:** I agree with you, but a lot of people think supply management is subsidized by the government. That isn't true. Supply management has never been subsidized by the government. I think people are not well informed, not to say "misinformed". It is so there isn't overproduction and dumping, as in other countries.

Mr. Robertson, you have visited other countries. How can Canada subsidize its agricultural exports in the long term when the United States, China and Argentina are giving subsidies? How can Canada, which is not subsidized by its government, compete with those countries? Mr. Robertson, you have been to the Middle East. How can we compete with Argentina and Brazil and other countries?

[English]

**Mr. Ray Robertson:** I would like to think that we certainly can compete. Looking at it from a forage perspective, we are certainly familiar with production costs in the U.S. and some other places. Our production costs are well in line with, and in fact are slightly less than, the production costs in the U.S., yet our shipping and our rates out of our harbours are considerably higher. We have the figures on that, and we can talk more about whether or not we have to do a study to prove that, but we need to work on that and work on it fairly quickly.

In terms of competing, Canada can compete any time with regard to our production costs, I believe.

**The Chair:** Do you want to add to that, Leony?

**Mrs. Leony Koelen:** Yes.

Right now I think it's really hard to compete when the Canadian dollar is at par. We lost about 30% of our price, or more than that, over the last five years, just due to the Canadian dollar. There's not much the government can do about that.

**The Chair:** Okay, thank you.

Your time is up.

Just before we move to Mr. Allen, we should note that we have quite a full gallery here. This is the biggest crowd that we've had at any of our meetings in any province. It's good to see; it shows there's a lot of interest here.

Malcolm Allen, for five minutes.

**Mr. Malcolm Allen (Welland, NDP):** Thank you, Mr. Chair.

Thank you to all for coming today.

Let me ask the questions of the folks who are a little bit younger than some of us, since we are talking to young farmers today. It's gratifying to see some young folks who are in it.

To the Koelens, did you farm before you came to Canada?

• (0950)

**Mrs. Leony Koelen:** No.

**Mr. Malcolm Allen:** No? So you took up farming when you came here. You didn't come from farm backgrounds or farm families?

**Mr. Harry Koelen:** My dad was actually a bricklayer and had a few cows and twelve acres.

**Mr. Malcolm Allen:** You should have brought your dad with you, because we actually need bricklayers as well.

**Voices:** Oh, oh!

**Mr. Malcolm Allen:** Trying to find a bricklayer is like trying to find a good farmer.

**Mrs. Leony Koelen:** My family was from a farming background, but their farm was burned down by the Germans in World War II.

**Mr. Malcolm Allen:** Okay.

It's interesting, because you are a young family who started up farming for the first time. The two young fellows farther down the table are from farm families. That seems to be the typical norm, if you will, for most folks farming in this country, or at least in the province of Ontario; it tends to be generational, from one generation to the other.

Let me ask you about your friends who are non-farmers. In going through your school years, you must have had lots of friends who weren't necessarily in the farm business, or their families weren't. Did you ever talk to them about farming? What did they think about farming? What did they say to you about...? Be candid; if they simply said, "Are you nuts?", then that's okay to put on the record as well.

**Mr. Dylan Jackson:** Well, anybody I've talked to in school who's a non-farmer, they personally don't know much about it. I've tried to tell them what's going on with everything, but they don't know too much. They say, "Why are you doing it? Get out of it. Why are you spending all of this money to make no money?" That's what they think, anyway.

**Mr. Greg Ardiel:** It's a lot of the same result in our area. There's a lot of misinformation about farming.

Some of my friends over the years have become more involved and interested in it. They like the lifestyle and the career, but it's just unbelievably hard to get into, with the establishment costs required.

I think a lot of the reason it's multi-generational is that it is just so hard to start into farming on your own: you almost need to have that support from your family to start with the land and the equipment and the early operating costs. It's just too much to take on at one time.

**Mr. Dylan Jackson:** Someone who has not been in a farming family wouldn't be able to do it. They couldn't afford to go out and buy a farm, machinery, cows, and whatever they get into, and then pursue that dream, because in your lifetime, you'd never really get out of the hole. You might every now and then, but it's not an occupation where you can say, "Oh, I am going to go and do this—make some money and have a fun time." You do not.

**Mr. Malcolm Allen:** If all things were equal in the sense that... I mean, there are lots of intergenerational business owners as well, where parents own the business and kids take over the business. It could be in the manufacturing sector or some sort of processing—where the return, granted, is much higher.

This is a very hypothetical question, but if the return on the farm approached some of those norms, do you see opportunities where people your age, young folks—I include Harry and Leony in this question as well—would say that farming sounded like an enterprise they'd want to get into? Young people do get into businesses where the return is reasonable. Do you see that folks are interested in it, if there's a return, or is it just simply the lifestyle and folks are disconnected from farming, period?

**Mr. Dylan Jackson:** I think if there was a return, a lot of people would probably say, "Oh, look, this is a good occupation that would be interesting", and then they could pursue it. I think they probably would.

**Mrs. Leony Koelen:** Yes, we think so too, but we also think that maybe the young farmer, because it's so hard, has to think a bit differently. You have to be thinking more creatively to get it done.

In our own situation, when we went to the bank, they didn't just give the money. It took a lot of negotiating and a lot of creative thinking. Both of our families didn't want to have anything to do with it, so we had to borrow private money for 19% and do all kinds of creative stuff. But in the end we got it done. We don't mean to say that everybody can do that, but because it's so hard you have to think differently.

**Mr. Harry Koelen:** It's not easy. It has been pretty hard over the last number of years, but it's not impossible. It maybe seems impossible, but I would like you to come to the Outstanding Young Farmers sometime, when they have their get-togethers in Ontario, in order to meet some of those young people who actually started from scratch.

This year we had a girl from the city, from Kitchener-Waterloo, with no farming background whatsoever. She bought her own little farm and started raising goats, marketing her own products and making her own cheese at her own little factory on the farm. Basically she processed all her goods. With not all that much invested, she's making a pretty decent living.

Sometimes we have to get very creative. We maybe just can't do everything the way dad and grandpa did. We maybe just have to get really creative. It seems almost impossible, with commodity prices the way they are.... Yes, it's pretty darn hard. We were probably lucky that we had time with us, too. It really is a time thing. If you get in at the right time, it works. If we had gotten in a couple of years earlier, it wouldn't have worked. If we had gotten in a few years later, it would have been a disaster too.

So I wouldn't say it's impossible. I still encourage young farmers. When I hear people discouraging their sons and daughters from going into farming, I still tell them that where there's a will, there's a way. It's not easy, but it's not impossible.

● (0955)

**The Chair:** Thank you.

Wayne, you had a comment?

**Mr. Wayne Ferris:** Yes.

In doing income tax for small businesses and for farmers, there's no separation of personal and business with regard to the farmer. I guess that in small businesses, whenever the kids are coming up,

they're paid a salary and you don't see that in the farm community. It's brought on because there's not enough money to pay the kids a salary. But I see that as being...and again, it's definitely a 24/7 job. There are no hours stipulated when the kids have to work, and I guess that in the succession planning there has to be more work done with regard to the separation of the personal and the family versus the operation.

I believe you mentioned programs earlier. Keith alluded to the community futures program that was brought out by the federal government where they got some money for education and for cashflows, projections, and so on. I think that was a good program.

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

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

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

Thank you for being here. It has been a good round of discussion.

Let me just start by saying that I don't have the same sort of view that Francis has. What I've heard around the table as we've been travelling is that although there is concern about farming, it's not the end of rural life as we know it. The farmers we've been talking to are resilient, they're hard-working, and they see hope.

There are some commodities, of course, that have gone through a really difficult time. I think beef and pork are two easy ones to identify. There are other commodities that have just been going through the normal up-and-down cycle, such as grain and oilseeds, etc.

Actually, I've been impressed with some of the increased productivity measures that have been taken by farmers. If farmers were really thinking that this was the end of agriculture, they would not be investing in growth or in higher productivity, implementing new technologies and innovation to improve the way in which they farm.

In fact, Harry, you're saying that you somewhat support people saying to their youth, "Get involved in farming", not discouraging youth but encouraging them.

That said, I think there do have to be measures taken by the government, and taken by Canadians and by farm groups, to encourage youth.

It kind of comes back to what Wayne, I think, was saying, that financial stability and profitability are two key components—

**Mr. Wayne Ferris:** I would add that the profit doesn't have to be as great as the other sector: there's a desire to farm.

**Mr. Pierre Lemieux:** Right. Yes, absolutely.

**Mr. Wayne Ferris:** I think the young generation are prepared to take less as long as they have the comfort of knowing that they can have a lifestyle that they want.

•(1000)

**Mr. Pierre Lemieux:** Right, and I agree with you.

I think it was Keith or Wayne who made the point that government programming can't solve all of this. I agree with that, but we do have an important role to play.

How many of you are involved in farm associations, and do you see any initiatives at that level to encourage young farmers?

There's one that comes to mind. I don't know all the details, but the Dairy Farmers of Ontario, I believe, have a program where they basically lease a significant amount of quota to a new young farmer. Youth apply under this quota program. They're allocated quota. They have something like 10 or 15 years to actually buy the quota, but it's given to them so that they can get started in dairy farming.

At the farm group association level, do you know of other initiatives like that, that have been taken or could be taken, to pull youth into farming earlier?

**Mr. Wayne Ferris:** My son applied through the Ontario Milk Marketing Board and our application was successful. He got 12 kilograms of quota. He doesn't have to pay anything for that quota, and after five years he has to give one kilogram back and he's expected to buy it at that time. It's actually a 17-year program, so there is some stability in that program. I think there were 10 of those allotted across Ontario.

The other organization that I'm a member of is CAFA, Canadian Association of Farm Advisors, and certainly there are lots of succession planning courses being run and there are chapters right across Canada. Certainly there is a lot of education going on out there to encourage young farmers.

**The Chair:** Just for your information, Pierre, in the next session, at 10:30, there is supposed to be somebody here from the Dairy Farmers group and you could talk about that.

**Mr. Pierre Lemieux:** Oh, yes; actually, you've hit it on the head. What I'm wondering is whether there are other farm group associations or farmers associations that have taken a similar type of initiative.

Does anyone here know if similar types of initiatives have been taken in other sectors to encourage youth to get involved? And is this something that could be promoted?

It was just an open question, because I knew about the Dairy Farmers, but I didn't know if other farm sectors had been doing that.

**The Chair:** Ray, are you familiar with that?

**Mr. Ray Robertson:** I can't say particularly for any commodity group, really; I know that in some sectors, such as the dairy goat sector, it's been crazy. I alluded earlier to someone starting into the dairy goat business. That's one in which we see tremendous growth in the area. It seems to be working very well, I think. It doesn't take as much money to get into it and there's no quota involved. It is a growing market, and Ontario is probably the prime province for that to happen, with the ethnic population we have in the GTA, Brampton, and Mississauga. Most of us would be in the vast minority there. Those people are all accustomed to drinking and eating goat products back in their home countries, so I think there's a

tremendous market. I don't think it's even being tapped to its potential, by any means. So that is one area where we see growth.

From my personal perspective, we manage the Grey Bruce Farmers' Week, for example, every January. We have now gone to a full day for the goat program and we have over 100 producers, or people who want to be producers, who participate in that. There's tremendous growth there. Only three years ago we talked about having a full-day program, and they said it would never fly, but we went ahead with it anyway and it's been tremendously successful. So we see growth in that area.

I think the sheep industry—I'm sure you'll have people here sometime from the sheep industry—has done reasonably well. There's probably room for growth in that industry. One of the things I constantly hear is that there's not a constant supply of the product. I know there's one person who I will be talking to later on—in fact, in about three-quarters of an hour—who would love to be here to talk about that subject. I've seen him quoted in the press recently that there's a real need for that sort of thing.

I guess the other thing I'll just throw in as well, in terms of some of the government programs you have, is Growing Forward. It's one program the ministry is really deeply involved with. I have to be a little critical of the way that program has been rolled out. It's always been seven or eight months behind; there's always delay, delay, delay. The form's supposed to be out at a certain time, and they don't come for many months after. Farmers are expected to plan ahead, and have to plan ahead, but it's hard to do. This year the funding has been cut so much that one-third of the producers in Grey County alone who applied for the cost-shared funding got a letter yesterday saying the funding has run out, and that they didn't get it. These are people who are putting in either 70% or sometimes 50% of their own money into it, but that cost-share incentive is not there to help with environmental improvements on the farm.

So I have to be a little critical of the government for that, in cutting back to the level they have. That was a win-win program for absolutely everybody. The farmer won from it, the consumer won from it, and government got lots of positive publicity from it.

I think it's an area where the government was totally wrong this time in making that cut. Usually there was enough funding to go around in the program, but this year it was really cut back, and, as I say, one-third of the applicants from Grey County alone, even though they were in with their applications within about two weeks' time after the program opened, the money was gone—and it was on a first come basis.

That's pretty difficult to swallow for many people. I know there are people in this room who were caught in that squeeze too.

•(1005)

**The Chair:** Thank you.

We'll now move to Mr. Valeriote.

**Mr. Francis Valeriote:** Thank you again.

What I've heard as well in the last week or so, and what I'm hearing now, is that there's an absolute willingness to stay on the farm, an embracing of the farm life, a love of the farm life, but for many, an inability to make a living.

One of the figures and statements that really hit home with me last week was that 65% of farmers under 35 have left the industry in the last 10 years. That's because they can't make a living in it.

I'm sorry to keep raising the dark side of this, but if we minimize, or live in denial, I think we will find, as one farmer said last week, a complete decline in the industry. I'm concerned about that. I don't want to fluff this off as something where we can adjust a few programs and everything will be fine, because that's not it, folks. In fact, one of them said that we wouldn't be having this tour across the country on the future of farming in Canada if we weren't in crisis.

Wayne, I really liked your ideas about allowing farm land to come out of farm corporations, as if they had not incorporated, really, in order to distribute that land, or whatever, in retirement or on death. Someone last week spoke of a program where we match up retiring farmers with non-family who wished to become involved in farming.

I took it a step further and suggested that those favourable tax laws that exist for succession planning within families should perhaps extend to non-family members as well, if we're going to save our farms. Could you comment on that?

**Mr. Wayne Ferris:** Yes, and I guess that's just further to my comment with regard to being able to transfer to siblings and nieces and nephews, as long as those siblings and nieces and nephews continue in farming. I think it shouldn't be used as a tax shelter or anything of that nature, but I think to encourage farming we do have to think outside the box, as somebody said earlier, and get a bit innovative.

The other thing I think a lot of work has to be done on is the marketing, and maybe under the Income Tax Act, investment tax credits for processing, for packing, those types of things, where you get added value coming back to the farmer.

**Mr. Francis Valeriote:** Right.

Greg, I think you mentioned the Farm Credit Corporation and their declining opportunities because of lack of assets to pledge, lack of experience. We heard from the banks that came before us at committee in Ottawa a couple of weeks ago, and they of course regaled us with the fact that they're so farmer friendly and all of the rest of it. Of course, we accepted that at face value.

What has been your experience with the banks and their willingness to lend to you as far as needing access to capital? I'd ask you to be candid.

**Mr. Greg Ardiel:** Right now it's been reasonably positive. My father had to provide guarantees on things, but I deal with TD Bank and they've been very good.

When we went to talk to Farm Credit, they just said we were better off to check with our local bank, because they can't offer young farmers anything this way without the assets behind it, even if our father provided a guarantee. They weren't interested in doing it.

• (1010)

**Mr. Francis Valeriote:** Does anyone else have an experience they could relate, negative or positive?

**Mr. Dylan Jackson:** When you go to the bank they're happy to give you money, just like any other bank. You can get money.

I'm not bashing the programs the government is offering, but a lot of them...we could just go to the bank to get the money. I think it's something bigger than investing in another program.

**Mr. Francis Valeriote:** Yes.

**Mrs. Leony Koelen:** I think not enough credit is given for production history or for education. As we said, all the big sow barns in 1997...people knew beans about pigs and they all went bankrupt or changed ownership; whereas we, as young people back then, had enough education, had a proven track record with a production history, but it was almost impossible for us to borrow money.

**Mr. Harry Koelen:** No credit is given for that. You borrow the same percentage on your dollar as Joe Blow down the road, who doesn't know anything about the farm industry but just wants to invest some money in it.

**Mrs. Leony Koelen:** Our planned cashflow is so much better, because you have that extra production edge, right? They don't look at that.

**Mr. Francis Valeriote:** Can I ask you about—

**The Chair:** Frank, your time is up, but, Keith, I think you wanted to comment.

**Mr. Keith Kirk:** In the 1980s a lot of farmers were in trouble. There was a farm survivor association. Dr. Gary Gurbin, who was the member of Parliament at that time, set up the Farm Debt Review Board, and I worked on that as a farmer member. My respect for banks went downhill quickly during that time. Dirty tricks were played on both sides of the board, but farmers were losing their farms. Not only was the farmer losing, his parents were going to lose their farm because they backed him. The banks played tricks too. These corporations all look after themselves before they look after anybody else.

**The Chair:** Thank you.

We're now moving to Mr. Shipley for five minutes.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** I think Mr. Lobb is ready.

**The Chair:** Oh, Mr. Lobb. My mistake. I should have looked at the speakers' list.

**Mr. Ben Lobb (Huron—Bruce, CPC):** Thank you, Mr. Chair. I think that's the first time you've called me Mr. Lobb.

**Voices:** Oh, oh!

**The Chair:** Right on.

**Mr. Ben Lobb:** My first question is for Greg and Dylan.

Dylan, you're still in high school, are you?

**Mr. Dylan Jackson:** Yes.

**Mr. Ben Lobb:** Okay. Not that this is going to solve agriculture at all, but it could be one small piece to help educate. Greg, especially in your line of business, the consumer being able to recognize a “made in Ontario” or “made in Canada” product.... It's been my experience that people my age aren't readily able to distinguish between something from Chile or something from Canada.

In high school, you're taught many things—Shakespeare and geography and history—but there are two things you're really not taught: how to manage your money and how to distinguish between what's made in your own country and what's good for you.

The Canadian Bankers Association has a program and a partnership with the federal government to give individuals in high school a very entry level ability to manage their money. Do you think it would be a good program if we could teach healthy eating, being able to distinguish the “made in Canada” product and the benefits of eating those products, either through Agriculture Canada or Health Canada?

**Mr. Greg Ardiel:** Healthy eating is becoming more and more popular all the time. It might help to gain some interest with the youth if you took the healthy eating tack, and at the same time tried to create some awareness as to where agriculture is, where your food comes from, how to distinguish labels, and at the same time make labels clearer, because there are a lot of different takes on that. You can have labels saying “made in Mexico” and “produced in Canada” on the same item.

It needs to be a lot clearer, because it is becoming more and more popular for people to want Canadian food, and they are starting to realize that we need to follow up with it.

**Mr. Ben Lobb:** My next question is for Wayne.

With your years as an accountant and with a background in an agriculture family, what do you see today as the major impediment for a young farmer to get in?

Obviously, being able to make a profit is one of them. But to be able to actually purchase a farm...is that something you're seeing across your area right now, that the young farmer isn't actually able to have either the down payment or the financing from an institution?

**Mr. Wayne Ferris:** Yes. I purchased my farm in 1965. I paid \$25,000 for it. My farm is worth \$500,000 today. When we started, my family was able to scrape together \$12,000 for a down payment and we could carry the \$12,000 mortgage.

When my son bought his farm this year, as a family we couldn't scrape together half of the money down, and he's struggling to make those payments. So there's absolutely no doubt about it.

The second thing that I see, under income tax, is that if you're going to pay for a \$500,000 farm, you're going to have to make money and you're going to have to pay income tax. Income tax is a foreign word to a lot of farmers, but that's the reality of life.

In terms of the ability to get ahead today, I mentioned the cash basis accounting, and that's great, but again, it's going to be a challenge for people to buy real estate out there and go ahead.

•(1015)

**Mr. Ben Lobb:** Okay. Thanks very much.

My last question is to the Koelens.

Obviously the pork industry has been, and continues to be, under considerable financial strain for a number of different reasons. The currency is obviously one of the main impediments right now.

For young farmers, what can we do to keep the pork industry alive in Canada and to keep that next generation of pork farmers coming along?

**Mrs. Leony Koelen:** Remove the inequities between the provinces. It's so devastating that Quebec has such a great support program for their farmers and we don't, and we're basically competing against them.

We're losing our shirt in Ontario. More pork from the U.S. and from Quebec comes into Ontario.

**Mr. Harry Koelen:** I think we need a good risk management program, but I don't think we want to ask for a risk management program that covers our cost of production. I don't think that's realistic.

**Mrs. Leony Koelen:** Other provinces should get rid of their risk management program for the cost of production.

**Mr. Harry Koelen:** Well, it would be nice if it were equal. It's insane that we actually compete with Quebec products—and we're just mentioning Quebec, because for us in the pork industry it's our biggest competitor right now. That's one thing.

What else could we be doing? Something we have already mentioned to you is the COOL. COOL is a devastating problem for us, too. We think the government should actually deal with that much faster than it is, because it's devastating.

**Mrs. Leony Koelen:** It's just going to take four years, four years of more losses. Why can we not have an interim COOL ourselves?

**The Chair:** Okay.

Just on that, the Canadian Pork Council, and if you want to take it over to the beef industry, those two industries, which are affected by COOL the most, actually have been opposed to that same COOL that they have in the United States, because of the amount of product that we export. I'm not saying it's right or wrong, but that has been the stand at this point.

The last questioner in the first round is Mr. Shipley for five minutes, please.

**Mr. Bev Shipley:** Thank you, Mr. Chairman, and to the panel, it's great to have a great group of individuals here. On each of the panels we have heard some very, very positive things regarding farming. Obviously, that's why we have some young farmers here.



We also know there is some concern, basically, around two things. One, how do we get the programs right? But second, there is a concern about regulations. I'll tell you, the aggressive farmers we have—and we have a lot of them and we have seen them out there—who are farming, some of whom are actually doing very well and have been able to make it, tell us, “You level the table for us, thank you, and we'll do just fine.”

I had a motion on the floor that helped to do that, relating to the issue of why we are bringing stuff in from another country that we don't have licensed here. Why not give the licence to us? It was a little more complicated than that. It didn't quite get the support of everyone in government, but it got through, and now we're trying to put a process in place for it, because that is a common thread that we continually hear, that if our regulations are at odds with our production, then we have just automatically disadvantaged one of our producers in terms of their cost of production.

We always have a discussion on free trade agreements and supply management. Obviously, our government is a big supporter of supply management, and we've been able to demonstrate that. When we get into free trade agreements, and we've had eight free trade agreements so far, supply management has been a part of them. Agriculture has actually been a very successful part of all of those agreements. One of the things I think we recognize is that Canada and Ontario have had supply management, particularly in the dairy industry, since 1965. That came in as a national program in 1973, and it's no surprise to any country we go to. So when we're talking about free trade agreements, every country actually has issues that are specific to them. One of them in Canada is supply management. Other countries will have their cultural, social, and agricultural issues. So we don't go into these agreements with our hands tied behind our backs, as some would want to suggest. When we go into them, every country knows exactly where Canada stands.

I'm just wondering how we can move ahead in terms of the flexibility you require from the provinces. There have been indications that Quebec has a great program, that Ontario doesn't, and that Alberta does. We transfer billions of dollars to provinces, and they get the flexibility to do what they want with those dollars. Some tend to put it into agriculture more than others, I guess.

Do you have any suggestions on how we can work to change and to get that flexibility across the country?

• (1020)

**Mrs. Leony Koelen:** If there were a way to streamline the programs a little better, the federal government could have a larger role in filling up those programs, instead of letting every province do whatever it wants. It's almost as if you have two different countries: Ontario and Quebec.

**Mr. Bev Shipley:** Except the trouble right now is that we have what we call an agriculture policy framework, set up when NISA was disbanded. CAIS came in, and now it's called AgriStability and Moving Forward. You must have the agreement of seven provinces to move ahead, but we do not get those agreements necessarily.

The question came up about farm organizations and education and promotion of farming for young people. So is there something that you think the farm organizations can help us with beyond what they're doing now to help us get the provinces to come together?

**Mr. Harry Koelen:** It's a hard question. I don't think we have the answer for that. Maybe it's the politicians' job to figure that out.

**Mr. Bev Shipley:** Well, except that we're asking farmers, the grassroots, about it. One of the things that seems to get missed is that we have to have the agreement of the provinces. Also in the WTO there are the amber and green boxes for all of those sorts of issues, which we need to get around. I'll leave it at that.

Mr. Chair, for clarification, I believe that Ray Robertson was actually talking about the environmental farm plan. Actually, my understanding is that we committed the same number of dollars to it. As you know, in Ontario, those get transferred down to the province and then are usually administered by soil and crop organizations. So I don't know where it was going, or whatever. That's just a bit of clarification.

**The Chair:** There was no money cut out of it. I guess the bottom line is that there could be more money used—

**Mr. Bev Shipley:** Could I have one quick question, or no?

**The Chair:** No. Your time is up.

Just on the issue that Harry and Leony brought up, about the difference from province to province, we have heard this in almost every province. Of course, we can't tell the provinces what they can or can't do, and as a beef farmer who has always been a little miffed, not at Alberta for putting \$100 per cow towards their beef industry—in fact, I give the Alberta government credit for supporting agriculture, and in return.... Quebec as well; no province supports agriculture the way they do.

Really, the only way of equalling that is to have our province do the same, and it doesn't matter what stripe: we've had three parties in government here in the last 20 years in Ontario, and not one of them has supported agriculture to the same degree. We have half the population of Canada. To me, if population is what you need in order to pay for social or agriculture issues or whatever, we have the ability in Ontario, because we have half the population.

**Mrs. Leony Koelen:** But it makes it worse, doesn't it? For us, it's better to have no support whatsoever than to have one province have a little bit and the other provinces have—

• (1025)

**The Chair:** I don't disagree with you. It makes it very unlevel. But taking control over from the provinces is easier said than done.

**Mrs. Leony Koelen:** We realize this.

**The Chair:** We're almost out of time, but, Mr. Valeriotte, you have three minutes.

**Mr. Francis Valeriote:** Another common issue that arose, again throughout the last week or so, is the issue of dumping. It started with apples out in B.C., when we were out there on Monday. Of course, I learned that what the processors will do is give a fair price if the apples are coming into our country at the beginning of the season; at the end of the season, they'll dump. Then they'll take an average price and conclude that perhaps it wasn't dumping. We found that the process of registering a complaint is cumbersome and costly, and that it's up to the farmer to do it, not the government.

We've heard that this happens in the meat industry as well. I'm wondering what your experiences have been. Is there an issue of dumping for you, here in this area of the province? Have you registered a complaint, or have you not registered a complaint because it would have been costly and cumbersome and a long process that you would otherwise not want to engage in?

Has anyone experienced that at all?

Not at all? Okay.

Another issue is the opportunity to maybe process on the farm and create your own opportunities, as opposed to relying on the processors. I know that in Italy they do that. They encourage them to make as much as they can of...somebody mentioned cheese here—that kind of thing. Do you think that's a viable option or opportunity, and if the government were to step in through some form of incentives, the way they do, for instance, in Italy, do you think you would be prepared to engage in that kind of thing, or do you know others who might?

**Mr. Greg Ardiel:** In our area, we try to farm together as a whole, all the different apple growers together, and we have found that by combining our resources and creating an infrastructure for the industry, we're better off than we are competing individually against each other. When we're competing in such a huge market anyway, we're better to band together and try to get ahead that way.

In some of the niche markets it does work, with goats and cheese, but in the large scale of things, the costs are too great to do an up-to-date, current processing facility on your own, when you can go together with others and spread out your costs.

**The Chair:** Thanks, Greg.

Thank you, Frank. We are out of time on this first session.

I'd like to again thank all of you for coming here today. I will just remind you as well that if there's anything, as follow-up information, that any of you think the committee should have, if you'd forward it to the clerk or to any one of us, we can see that it gets there.

Again, I appreciate your coming here. We're going to adjourn for five minutes. I'll ask the witnesses to vacate the table and we'll ask our next round of witnesses to please come up.

We'll try to get going in the next five to seven minutes.

Thank you.

• (1025) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1040)

**The Chair:** We'll call to order our second session of the morning.

I welcome our guests and thank you all for coming here today. We look forward to hearing your input.

Without further ado, we move to Mr. Grant Caswell, a young farmer from the Meaford area.

**Mr. Grant Caswell (As an Individual):** I welcome the House of Commons committee. Thanks for coming here today, and to Larry Miller for setting this up for us.

My name is Grant Caswell. I'm a third-generation farmer. I work beside my father and uncle on a dairy and beef operation just outside Meaford. Currently I have been working off the farm for the last ten years as a farm equipment technician.

Working off the farm as a farm equipment technician allows me to deal with a lot of different types of farming, farming styles, and people in general. We see how market prices fluctuate; they affect their bottom line and ours. For example, if they have no money, we don't get the work.

My father also told me I should get a job off the farm to get a different perspective on the way things work, and the lifestyle, and that when I wanted to come back to the farm full-time, it would be my own decision and on my own terms. I have been discussing the opportunity to return home to farm full-time. The obstacle I have found is to see how the farm is going to generate enough income to support an extra family on that farm as well.

Yes, farming is a lifestyle, but it is still a business. Unlike any other business that only requires a 40-hour work week, we work long, hard hours every day for livestock and crops that we cannot set a market price on. No other business sector can take such a continuous loss and still keep going. The average farmer today is 60 years of age. If no one in the younger generations can take their place, everyone will have to pay more for the food we eat, and it will mean a loss of jobs in the other branches that deal with agriculture in general.

Every dollar a farmer spends goes through nine hands before the end result. Currently there are no federal-provincial aid programs that any one farmer could count on or could take to the bank. We almost need a five-year outlook plan, and always plans to be looking forward and not dealing with the past.

Money spent on meat packing plants instead of farmers makes no sense, because they are the middle man and they pay nothing for the livestock, but then sell to consumers for top dollar. Farmers are working harder to improve their income by shopping other markets and selling their products, but as the input costs keep rising, they just take away from the farmer's bottom line. As everyone may know, we can't put a fuel surcharge for trucking and freight on all the products that leave our door. If only farmers could get paid what it cost to produce their products, it would be a thriving business.

In conclusion, we are the backbone of society, doing our best. We just want to be recognized for the great job we are doing. I would like to thank you for the opportunity to speak with you. I hope you can get some information from this.

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

We now move to Steve Eby, from the Kincardine area.

**Mr. Steve Eby (As an Individual):** Thanks, Mr. Chairman.

I'd like to welcome everybody to this part of Grey County at the edge of Bruce County.

I'm a full-time farmer. We farm in the south end of Bruce County. We own and operate a beef grazing and finishing feedlot. We sell approximately 1,400 head of fed cattle annually. I'm a graduate of the University of Guelph, and I try to manage our business by using cost-effective programs based on strong science and strong record-keeping and management decisions.

I firmly believe there's a future in farming. The road is not a smooth one; however, with properly addressed regulations, policy, and the development of new markets, both local and globally, farming will evolve into a very dynamic industry.

Young farmers need a plan. I believe that plan includes profitability, bankable consistent programming, trade—all markets are important—a level playing field, an insurance program for cattle producers, financial programs, regulations that are harmonized with our trading partners, and a food policy.

Expanding on those a bit, profitability is mentioned. All mentioned areas are important to assist in increasing profit potential. Young farmers will invest in agriculture if the industry can supply a fair return on their investment and labour.

Programs must be bankable, reactive to market conditions and developments. The industry has made many suggestions to current APF; however, the government now wants to consult the industry. Action is needed, not more consultations.

I recommend funding the environmental farm plan at 100%. It's an excellent landowner stewardship program that supplies benefits to all of society. Countries like Switzerland pay for environmental programs, not production-based programs.

With respect to trade—local, provincial, federal, and global—all markets are important to maximize the value of agricultural products. All producers, whether supply managed or not, benefit from open markets. The dairy industry, for example, sells breeding stock genetics, which are called cows on the open market. In Bruce County we have businesses that export food grade soybeans to over 20 countries around the world. These premium crops increase the revenue to assist young producers in their income.

We need a level playing field, a national-based program. In the beef industry we currently have a mishmash. Alberta and Saskatchewan either have, or they are working toward, a price insurance program. Agriculture Canada should lead the price and base its insurance policy development analysis on the adaptation of this process. We have to hold imported products at the same standard as the domestic production.

On insurance programs for cattle producers, there have been promises to have something similar to crop insurance developed for the livestock industry since the APF started in 2003. To date, nothing substantial has happened in that area. There needs to be an effective, affordable form of price and basis insurance for cattle producers across Canada.

With respect to financial programs, there are breeder and feeder cooperatives based in Ontario. I know there are other programs across the country, in other provinces. These are excellent programs to provide options apart from the regular type of financial institutions. In 2009, over 100,000 head of cattle were purchased through those cooperatives here in Ontario. Locally—basically Grey and Bruce counties—upwards of a quarter of the members are made up of producers under the age of 35. The cash advance program is currently under a stay of default. Nothing really has changed in the last year. I'm involved in that program, and I feel it needs to be extended for another year.

On regulations, government needs to harmonize regulations with major trading partners. SRM regulation differences between Canada and the United States are well known. And then what do we do? We turn around and import U.S. meat. That comes back to that harmonization.

● (1045)

The high Canadian dollar and all regulatory imbalances irritate that and are very costly to producers.

As a matter of food policy, does Canada want Canadian-produced food products? If so, producers need a fair return from the marketplace. A profitable agricultural industry will attract young farmers. Retailers need to recognize provincial inspection in provinces as equal to federal inspection. This will add more Canadian local products to our store shelves.

Thank you.

● (1050)

**The Chair:** Thanks very much, Steve.

We'll now move to Doug Hayes, from...is it Twin County Feeder Finance Co-operative?

**Mr. Douglas Hayes (As an Individual):** Yes.

I have a beef farm in this area. I farm about 600 head.

I have been involved with the Ontario feeder finance program for about 16 years. As Steve just mentioned, it is a good program. It's been a great thing for producers.

I don't know whether you're all familiar with it. It is designed for and geared toward young farmers. We don't lend just to young farmers, but it is there because they are able to come to us with little equity. They have to have a knowledge of how to feed cattle, but they don't have to have a credit history. They can come in to us and get a sizeable amount of money and start farming and work from there.

Because of this, I've seen a lot of young people come in to ask for money from our program. You have mixed feelings about it. They come in and they have hope in their eyes. They have a willingness to start off farming. But because of the beef industry, the way it is, these young people come in, and you see that sometimes they make a good living on it. And it's not their fault—some of them are very good feeders—but sometimes they come back at the end of the year to pay off their loans and there really is no profit margin for them at all. You ask yourself, how did that person do that? They spent all that money on their expenses during the year and at the end of the year they walk out of the office with very little money to take home to their family. It can be very discouraging that way.

Because of this, and the contact with these young farmers, I just have to realize that if you are a young person and are thinking about farming, or you're a young person who is farming, the thing you're up against is.... Personally, my feelings on it are that you have older farmers receiving large subsidy cheques in some cases. When a lot of these older farmers started, way back in the fifties and the early sixties, there were no programs. There was a junior farmer mortgage program that young farmers could take advantage of, and there were farm improvement loans, but that wasn't a great deal—for the most part, all you had to compete against was the marketplace. You have corporations that receive large government assistance that are getting into farming.

To be honest with you, there are people who work for five months of the year, go on unemployment insurance benefits, and make far more than a young farmer would make, and that's very discouraging.

Mention was made earlier, in the first segment, about diversifying. I'm talking about the beef industry. It is virtually impossible for anyone to diversify in the beef industry, because the bureaucrats are shutting down small abattoirs right and left, and that just makes it impossible for any size of operation to get better access to the consumer dollar. Instead of directly marketing your beef to the consumers, the bureaucrats are virtually shutting that down and trying to prevent any farmer from accessing the consumer dollar directly.

Again, you're a young person and you think you're doing the right thing; you go out to farm and you see your friends and classmates from school going out and getting good jobs, and you ask yourself.... Personally, when I sit back and watch these people coming into our organization for money, I ask myself, does that person really know what he's doing, given the state the agriculture and beef industries are in today?

There actually is an army of young people out there who would love to farm. They're out working at other jobs. They're not happy with it. They've been brought up on a farm in a lot of cases; they know how to farm, and yet those young people just can't see their way to farm. Once they leave the farm for one generation, you're going to lose those people. You're going to have to do what was suggested today: you're going to have to go to the cities; you're going to have to go to the non-farm people and try to bring people back.

You're at a crossroads now; it's time something was done to keep those people on the farm, because once you lose that generation to

the city and to good-paying jobs, it's very hard to get them to come back.

• (1055)

Some of the things I would like to see done for young farmers is creating a level playing field as far as the subsidy programs are concerned. It was mentioned this morning that some of these programs can't be accessed by young farmers. That's wrong. The tax dollars that are put into these programs should be directed toward young people. We need a cap on these subsidies. It's totally ridiculous that some of these subsidy cheques are going out, anywhere from \$500,000 to \$1.5 million to some of these people. Those tax dollars are hard to come by. It's time the government said enough is enough and put a cap on these.

I'd like to see a cap of \$50,000 on these programs to give the young people a chance. Use these tax dollars in a more constructive way to try to keep young people in farming. Big corporations don't need this money. If they can't make a dollar on it, let them step aside and let a bunch of young people come in and do the job. The government can do certain things. The APP has been a good thing, with \$100,000 interest free. Certain things could maybe be enhanced in that program.

Farm Credit needs to get back to its mandate to lend money to young people. From what I've learned these last few years, Farm Credit seems to be getting more interested in lending to the large corporations, such as the Cargills and whatnot, which makes it more difficult for young people to borrow money. It shouldn't be that way. Farm Credit was there for a purpose, and I don't think they're living up to their mandate.

There needs to be some relaxing of the rules for the local abattoirs, so that if someone did want to start up direct marketing of their beef and whatnot, there's an abattoir there that can handle it so they're not consistently being put out of business. Again, we need some direct government programs geared to young farmers. Everyone needs to start small. You can't start out with 10,000 acres. You have to have something there to get these people interested. These young families deserve a decent living. They deserve to have a somewhat equal living to what their friends have in other jobs.

In the feeder finance program there are two carriers of the APP program in Ontario. Feeder finance was able to lend money, \$100,000 interest free, and all those people in feeder finance had to repay that money when that money came due. People even went to ACC in Guelph and borrowed their money, the \$100,000 interest free, and they haven't repaid that money. That's not right.

Those people in our organizations have stepped up and borrowed that money. They dug down, they got some money, and they repaid that money. The people who borrowed the money from ACC didn't have to repay it. There are even rumblings about forgiving those loans, and that's not right. If you borrowed that money, you need to repay it in some form. If you don't have the money now, it needs to be turned into a mortgage or something, but that money has to be repaid to make it fair all across Ontario and all across Canada.

That's everything I have to say. I thank you people for coming all this way to listen to our concerns. I'm very happy to be able to come here and speak to you in this manner.

**The Chair:** Thanks very much, Doug.

We'll now go to Sean McGivern. Sean is a producer from the Bessborough area and runs an organic processing facility.

**Mr. Sean McGivern (Grassroots Organics and Saugeen Speciality Grains):** Thank you, Madam and Gentlemen.

Are you a passive or an active food consumer? Are you engaged personally in the production and the processing of the food you consume, or are you totally reliant on the industrial food system to provide and deliver to you what it has chosen on your behalf? Are you in control of what you consume? What role do you play in our food system?

Since the 1950s, our food system in North America has not been driven by nature or by the natural forces of the free market. It has been driven by government policies, which have been created to support the industrial food complex that we know as our food system. Government agricultural policies have come to shape the food you eat more than you can ever imagine. Government policies in North America have led to the rush to produce some of the lowest-quality food in the history of mankind due to the subsidies paid to farmers to produce the crops that need to be integrated into our food system.

• (1100)

To be able to use all of the supply of these commodities on a yearly basis and to not have an overwhelming stockpile, innovation was required to form such products as corn into every aspect of the North American diet. It has been said that humans are now walking, talking, molecular structures bound together by corn in every one of its thousands of forms.

There are many signals showing up in our food system that have presented themselves in such forms as obesity, various health issues, shortened lifespan, impoverished rural communities, and the largest disconnection of eaters from food producers in the history of mankind. These health issues are clear representations of the quality of food that humans are consuming. As the human diet has evolved over the last 2,000 years, it is now at an all-time low when it comes to the health aspects of the food we consume. We have traded taste for quantity, texture for shelf life, and regional specialties for Frankenfoods.

There are new plant technologies moving into our food system that are unprecedented. Never in the history of mankind have we seen the irreversible effects that we are now witnessing in our food supply. Never before have we experienced the moral degradation of the Creator's creation like we are now experiencing. Genetic engineering is going to alter, and is already altering, our seed stock. Once it is tampered with, it can never be reverted to its original form, which once worked well and was sustainable and renewable, all of which it is no longer; it is altered, and we are left with the lasting effects it will have on our nation.

With government subsidies paid to crop and livestock farmers, either in the U.S. or Canada, it is a signal to primary producers that they do not need to build resilience into their farming operation, that they should continue to maintain their production levels and methods, and that there is no reason to seek new or better markets. Subsidies have a history of allowing agricultural production to

continue that would not under regular circumstances continue to happen if there were not a cash subsidy payment to encourage it to continue. So we now see how government policies, unsustainable production methods, and subsidies have led to the state of the food system that we are supplied with.

Large multinational food processors are delighted to have this type of food system that we have in North America because it allows them a continuous supply of cheap raw materials. It allows them to have captive supply because of the volume they purchase and because governments continue to subsidize producers at the farm level, with no incentive for farmers to continue to produce such stable crops as corn, wheat, soybeans, and cotton, thus keeping the market price for farmers below the cost of production and unable to create a profit from the marketplace alone.

For agriculture to be a viable enterprise in Canada, we need an end to all subsidies related to agricultural production. We cannot afford to pay or protect farmers from the free market with payments based on bushels per acre or pounds per animal. We must pay farmers for such things as environmental stewardship, infrastructure improvements, value-adding incentives, rural disadvantage payments, rural employment creation, and sustainable farming tax credits, all of which will foster a strong rural community while not promoting the overproduction of commodities that are sold into the marketplace at below cost of production levels just to make room for the next year's crop. We must also fight to protect our domestic markets and to ensure we do not allow the dumping of cheap foods that do not comply with our health and safety standards. We also need sensible policies and regulations that do not force our farmers and food processors out of business while allowing substandard foods to enter this country.

Once you understand the true cost of food, you begin to see the need for a food revolution and why it is required to ensure that we have an agricultural economy in the future of this country.

We are facing a plateau in agriculture that we've never seen before. This year alone, China announced a \$55 billion rural infrastructure grant to create infrastructure money to be used at the farm level. I recently had a discussion with a high-level person at Staples Business Depot, and they said they had trouble getting a lot of products in, because when the Chinese new year comes around, usually about 20% of the workforce doesn't return to the cities; this year they had over 40% to 50% of the rural workforce not returning because of the infrastructure dollars that China had put in place.

We see agricultural products flowing in from those countries all the time. I work in the export and import types of markets, and we have a business approaching about \$2 million a year in sales. The big challenge I see is the lack of infrastructure and processing that we have here. We do not need another government program to give people money to make a business plan or produce some flyers or cards or promote local food; we need money and resources on the ground, ready, willing, and able to help farmers with infrastructure and the dollars they need to do something.

•(1105)

I'm like most of the other people here who have tried to deal with Farm Credit, which always suggests that you deal somewhere else. I think that's horrible.

The other horrible thing—and it's not just the Conservative Party here today, although you've been in power for two terms now, but there have been a lot of other governments before you who have really let agriculture down. We don't need a five-year plan in agriculture, which somebody alluded to. We need a 50-year plan, and we need five-year plateaus where we can update that plan and move ahead. But we don't have that plan now, and I think that's a serious, serious issue here. I don't know how we build any longevity or reality into a market with such short-term thinking. We need long-term thinking, with consistent changes and updates to it. But we need to put that policy and framework in place so that we have something to build upon and not create it as we go.

I think we're at a place right now where we're losing tons of farmers. The big issue we have here, especially in Ontario, is with land values and stuff. It's astronomical. We have farmers competing against farmers who are buying these farms, developing them, putting two or three lots on them, and then expecting the farming community to pay the same value for those properties.

We have some of the highest wages in North America here in Canada. We have some of the highest health and safety standards. We have some of the highest costs of production; whether people realize it or not, we simply do. I don't want to trade any of those things; I'm glad we have them, but we have to be aware that we have them and we have issues that make us uncompetitive in the marketplace.

There's absolutely no reason, in my opinion, with the regulations that we have coming down on us, that we can or will be competitive in the marketplace. It's great for people to think that we are competitive and it's great for people to take pride in the job they do on their products, but we have to be realistic here. If we are as competitive as we keep hearing farmers saying, then we wouldn't have the economic situation that we're in right now.

I just want to leave you with those thoughts, and I look forward to your questions.

**The Chair:** Thank you, Sean.

Now to Bruce Saunders, to speak to us about the young farmers program the dairy industry has.

**Mr. Bruce Saunders (Chair, Dairy Farmers of Ontario):** Thank you, Mr. Chairman.

Welcome to Grey and Bruce counties. I'd like to express our appreciation to the standing committee for coming to rural Ontario to seek and hear the comments you're hearing. I also want to thank you for allowing Dairy Farmers of Ontario to make a presentation about the assistance program.

This is not just a program that's unique to Ontario. This program is similar to programs in Quebec, New Brunswick, Nova Scotia, and Prince Edward Island. The west may have programs, but I won't speak to those because I don't know what they are.

There is a document that will be circulated to you later on, when it's translated.

The Dairy Farmers of Ontario provide each of 10 new entrants per year the opportunity to apply for the use of up to 12 kilograms of daily quota. The program is offered at no cost to the successful applicants and permits them to increase their cashflow at start-up, so they can have a viable independent business in the longer term.

Applicants must be the age of majority and have a 10-year financial business plan that is certified by an accountant as being able to generate a profit. They must have a financial lender who is willing to provide lending, as required in the business plan. They must produce and market milk on their own farm or a rented farm, and not have previously been licensed to produce or market milk in Canada.

The selection process is as follows. Each new entrant must apply early in the previous year, between August and November. If there are more than 10 eligible applicants, an independent third party selects the 10 successful applicants, using a random selection or lottery process. There were 65 applicants in 2009 for this current year, of which 10 were selected.

New entrants must hold a minimum of 12 kilograms. They must own at least 12 kilograms, up to a maximum of 23 kilograms, before they are given the use of the 12 kilograms from Dairy Farmers.

The new entrants can receive the quota from parents by purchasing quota as part of an ongoing operation or by purchasing quota on the quota exchange. If they are acquiring their initial quota allotment over the exchange, one new entrant per month has priority for their full bid amount to be filled.

The new entrants who are selected have the use of the 12 kilograms of quota for a period of five years, and one kilogram is returned to Dairy Farmers per year, starting in year six, for redistribution to other new entrants later on.

In addition to this new entrant program, Dairy Farmers also gives priority access to new producers who want to produce and market milk without assistance. Dairy Farmers has already given priority access on the quota exchange to 22 new producers since August 1, 2009, and has received intent applications from an additional 82 potential new producers.

Thank you.

•(1110)

**The Chair:** Thanks very much, Bruce.

Last, but certainly not least, we have a walk-on this morning to speak to us about FarmStart. I think I have the right name: Gayl Creutzberg.

**Ms. Gayl Creutzberg (Training and Resources Coordinator, As an Individual):** Thank you, Larry, for allowing me to speak at the last minute.

I want to speak because I have some good news, and I'd like to put maybe a last nice spin to this. I also have some answers to some of the questions raised in the first panel.

Ten years ago, almost to this day, I became a new farmer in this area and farmed sheep for six years. But today I'm working for an organization called FarmStart. We're non-profit and we're training farmers across Ontario, in collaboration with OMAFRA, which is the Ontario Ministry of Agriculture, and other organizations. We have grown from two to eight staff in the past year, thanks to Trillium, AMI, Metcalf, OMIF, and others.

We are training a new generation of farmers, as we call them. To define that, perhaps it's safe to say that it's the kind of farming where the farmer is the price setter. We're trying to really promote the idea of a viable business model.

We also have a program called FarmLINK, which addresses something mentioned earlier, partnering new farmers with land and partnering new farmers with mentors or farmers with set knowledge that they can transfer to the next generation. We have just hired somebody to start looking at non-family succession. I hear a lot. I went to the Junior Farmers' Association conference. We hear a lot about farm succession, but we really need to have that knowledge transfer to a non-family member.

I would just note, too, on farm acquisition, that *Small Farm* magazine for this month arrived yesterday in the mailbox, and there's an article in there about two Neustadt farmers, two young couples who've just bought land in Grey County. They talk about their story and how they managed to pay for their farm and get ready to start farming. It's a very good article.

Currently we have two Exploring Your New Farm Dream courses running in Toronto. We had 38 spots and 65 applicants. I would say, but I'm not exactly sure, 50% of them are new Canadians. So perhaps the farmers of the future are people coming in from another country. Tomorrow, for example, I meet a man from Dubai who is looking to start farming here. He farms vegetables on 400 acres back in Dubai.

Our problem with our new farmers is that they don't qualify for the funding through Growing Your Farm Profits. We are working with OMAFRA to develop a program that will hopefully allow these new farmers to access the cost sharing so that they can go on to do further training.

Other provinces are watching what we're doing. There are already four that want to join our FarmLINK program, so we're going to make that national. I guess we're the guinea pigs. The other provinces are looking and hoping to start something similar in their own provinces.

Thanks again.

**The Chair:** Gayl, thank you very much, and thank you for being brief.

We're going to move to questioning.

Mr. Valeriotte for five minutes, please.

**Mr. Francis Valeriotte:** Thank you very much, each of you, for coming today. I know you've taken time out of busy schedules, particularly on the farm, where you'd probably prefer to be right now.

As you know, we've been travelling across the country. The message, for at least me and other members of the panel, I know, is beginning to coalesce strongly.

We've had some people, more than one, say that we are in a constant decline in the farming industry, that the average age of farmers is now the late 50s, unlike other industries. In the last 10 years, 65% of farmers under the age of 35 have left the industry. We've heard some say that if something meaningful isn't done, rural Canada might soon be a ghost town.

That concerns me. It may not be your experience, but this is what we've heard. It doesn't suggest that people don't want to be farming. The lifestyle is something that's embraced. It's making a livelihood that's the problem. There are certain sectors that are surviving more than others, but I'm deeply concerned.

What I've also heard is that it's going to take more than just tweaking the business risk management program, or a program over here or a program over there. We need a meaningful farm and food policy where the federal and provincial governments come together and even the playing field for everybody across the country. I don't see any other option, other than tweaking here or there. To do anything less, as far as I'm concerned, is minimizing the problem and living in a certain degree of denial.

That said, Steve, you mentioned the SRMs. We visited a plant out in Alberta and they showed us the SRM material. It was about 108 pounds. What troubled me was this. The United States and Canada remove the SRM material. The United States can use most of that SRM material for farm feed or fertilizer, whereas we don't. What's left in the United States is two fistfuls. What's left here is still that 108 pounds.

Then I asked this question: Have we opened up any more markets to farmers in Canada because of our stand on SRM and how we're responding to it? They said no, not one new market.

I wonder how you would deal with the problem and if you would make a change.

Anyone can answer that question, but I think, Steve, you were the one who raised it—either you or Doug.

• (1115)

**Mr. Steve Eby:** You mean the SRM farm problem?

Well, we've had the BSE issue since 2003. Technology and science, you would think by now, would have developed some kind of a magic tool to make use of SRMs. That hasn't happened. So it's going to be a complicated issue. Is it as big an issue from a food safety standpoint as we think? When we look at other countries, such as the United States, who deal with a small amount of SRM, they can ship into our country while having a whole different set of regulatory issues than Canada has.

Can we make use of that SRM going back into fertilizer in some of those old markets? Yes, I think we can. That's the issue of the whole regulatory system, on which I know industry and all of us were on the same page in 2003 in trying to work our way through. We have probably learned a lot since then, so maybe it's time to revisit a whole bunch of those issues and make some policies that are harmonized with other trading partners.

**Mr. Francis Valeriote:** Right.

Doug, you talked about the bureaucrats shutting down abattoirs. That concerns me. We're at a time where we have to give farmers all the tools they need, even if it's diversifying by processing on the farm, or, as somebody said on the last panel, coming together with other farmers and creating some kind of processing facilities, whether for cheese, meat, or whatever.

I need to know more about bureaucrats shutting down abattoirs left and right. Can you give me some examples? Can you tell me what's going on?

**Mr. Douglas Hayes:** When you speak to some of the people at the small and medium-sized abattoirs and ask why they are being shut down, they will tell you the following. For example, I spoke to one fellow who has a considerable abattoir down south of Owen Sound, and he basically said that every week there were inspectors coming in and finding something wrong every week. It's just continuous. If one inspector doesn't find something wrong, the next one will. He said he's just constantly putting money in trying to play catch-up. When he tells me about some of the things that must be done because there's been a complaint about something, it's totally ridiculous. It's little things that border on harassment. A lot of these places have just closed up.

I spoke to a young farmer this week, telling him that I was coming here today, and asked him what he thought, and he said he had thought he would start farming, thinking he'd start trying to sell some meat directly to the consumers, but it's just impossible to do it. He really can't find a place that will kill his beef at a reasonable rate, for him to make a go of it. If you go to an abattoir, the rate they charge seems astronomical.

But at the same time, when the farmers explain it to you, a lot of it is just this constant harassment from these inspectors. I know these are not all federal plants; some of them are provincial plants, with provincial inspectors, which you people aren't responsible for. At the same time, something needs to be addressed, I think, all the way across.

• (1120)

**The Chair:** Okay.

**Mr. Francis Valeriote:** Sean wanted to say something.

**The Chair:** Be very brief, Sean.

**Mr. Sean McGivern:** I just wanted to comment on that.

We slaughter cattle 52 weeks of the year for our farm store, and the big challenge is proper processing and working with plants that can do that. It costs us over \$500 an animal. When you look at the animals running through Cargill and those places for pennies per pound, and we're paying dollars per pound, you see that we're at a huge disadvantage.

**The Chair:** Ms. Bonsant for five minutes.

[Translation]

**Ms. France Bonsant:** Thank you.

My question is for you, Ms. Creutzberg.

I met with an African parliamentarian who said that in his country, Cameroon, the Chinese are buying up agricultural land with irrigation, and the food produced there is exported directly to China.

Are you not afraid, given the immigration happening here and the difficulty farmers are having surviving on their land, that these people won't make the same choice in Canada, be it in Quebec or Ontario or wherever, and that the products grown there will go back to their country of origin? That kind of alarms me. In your part of the country, have you noticed increasing numbers of Chinese buying farmland?

[English]

**Mrs. Gayl Creutzberg:** I'm not finding that it's mainly Chinese. We seem to be getting a lot from Egypt and, as I said, from Dubai. I'm meeting someone from Dubai tomorrow. The stats now are that in Toronto, over 60% of the people there were not born in Canada. So it's my sense that these people are growing food for their communities within metro areas like Toronto. I really get a sense that those who come to this country come here because they have this vision of what Canada has to offer, and it's not about business back home.

[Translation]

**Ms. France Bonsant:** Right. What the person told me scared me a little. We have to protect our land.

Mr. Hayes, if I understood correctly, you have 600 head of cattle.

[English]

**Mr. Douglas Hayes:** Yes.

[Translation]

**Ms. France Bonsant:** That seems like a lot to me. In my riding, a person with 100 has a large farm. They are family farms. They are not industrial farms.

Do you think it would be better for the young people who are coming up to start with small family farms rather than big ones? When I walked around here, I saw that you have superb land. Young people don't have the resources to buy land at \$8,000 an acre—I think that's what they said.

Would this not be an avenue, for young farmers, to choose a piece of land that is 1,000 or 1,500 acres that had been divided into smaller lots? That way, with smaller family farms, they would have the chance to start up and survive.

[English]

**Mr. Douglas Hayes:** I wouldn't expect a young farmer to start with 600 head of cattle. Something like 100 or 150 head would be reasonable. But in this area, my operation is, I would say, compared with a lot of cases, maybe average. There are many operations much bigger than what I have. In this area, for anyone who has 50 to 100 head of cattle, it is definitely a sideline from their main occupation, which would be off the farm. It is a good way to start, but in order to make any kind of living, you have to have these kinds of numbers to make it worthwhile; otherwise you need to have off-farm income.

**The Chair:** Mr. Eby would like to comment too, Mrs. Bonsant.



**Mr. Steve Eby:** I'm also a beef producer. To go back into my own history, I started off with one animal; it was a 4-H calf. One became two; two became three. The beef industry financed my post-secondary school education. We just kept building on that. We are a family farm. I work with a part-time helper, my father, and we have just grown the business over the years. But we need that scale to survive, under the current system.

You start off small and you build towards that. It is the framework to make the small producer grow into a bigger one that is very important.

• (1125)

[*Translation*]

**Ms. France Bonsant:** Before you answer, Mr. McGivern, I have another question for you.

In my riding, we have seen land divided up into several lots. They are all organic farms. The future is organic. The future is green energy. I encourage you to continue.

I don't want to insult you, the people of Ontario, and I am not familiar with your programs. But in Quebec, we have developed products from organic and other land. As you say, human DNA is changing, and I find that a little disturbing. That is why I encourage young people like you to do more organic farming, so the system can build on it.

I know you have something to say on that subject. I will let you speak. I encourage you to do organic farming. I buy locally, too.

[*English*]

**Mr. Sean McGivern:** Yes, I think the organic approach to agriculture that we've taken is... Organic sometimes gets a bad name, but I always say there are two types of organic farmers: organic by neglect and organic by management. We spend a lot of time on the management side of our operation. Our operation really, truly can be a family farm operation. We don't have herbicides and pesticides and harmful products that can harm young children on a farm property, and I think it allows us a very good quality of living.

We have heard a lot about sustainability, but I think we need to look at sustainability in terms of a symbiotic process and how it can work together for the whole farm. A farm isn't very sustainable if we are importing tons and tons of nutrients to feed that farm operation. I think we have proven in this area that... Our farm totals about 1,000 acres, and I have very small input bills. I buy a little bit of forage seed for plough-down, but we "seed save".

We produce all our own products on farm. I think there is a lot to be said for that—and that we're running at a profit, also.

**The Chair:** Mr. Allen, you have five minutes.

**Mr. Malcolm Allen:** Thank you Mr. Chair.

This is to Gayl, who talked about the programs of OMAFRA. In a previous career I was an electrician at one time. I actually served what I call indentured servitude, but the province calls it apprenticeship. They actually make you sign an indenture certificate—they still have those things from the Middle Ages.

But in farming, we don't have that process. We have apprenticeships in a sense, in family farms, because children learn from their

parents. There is a cost to the farm in doing that. But ultimately there isn't any payback, in the sense that when a corporation takes on an apprenticeship, there are tax advantages to doing it, but there are none on the farm. I don't know whether anyone has looked, since we are looking at new farmers, at how we do this and at how we could take this as a hybrid approach, from the tax perspective, to see whether indeed we could use a model that comes out of the industrial sector.

**Mrs. Gayl Creutzberg:** There are a few apprenticeship-type programs that exist. They're very small and scattered. One of them is called CRAFT, the Collaborative Regional Alliance for Farmer Training. It was originally out of the States, and there are now five regions in Ontario that are offering it. It's an interesting process, because of course when you have somebody new on the farm come, they smash into things, they break the tractor down, and so on. So these farmers often work for free: the pay goes to repair the equipment rather than pay the farmer.

These farmers, though, at some stage of the game in their business model, burn out. Certainly to see a payment schedule whereby we can pay these farmers to transfer this very valuable knowledge on would be important. We have started paying farmers for things such as farm tours and those sorts of things. Farmers coming in find farm tours very important, and there is a little bit of funding for that now.

We are trying to advocate the whole idea of a similar apprenticeship program for farming as well, but I think it's really difficult to create those partnerships. Then we run into liability issues as well, which that program has started to run into.

**Mr. Malcolm Allen:** No doubt there are complexities to that as you start the process. I understand.

**Mrs. Gayl Creutzberg:** We actually run an incubation farm in Brampton. There are twelve or so farmers on it now. But for an organization like ours, it's very hard, with just our few staff, to run farms across the province.

**Mr. Malcolm Allen:** That's for sure.

A couple of you talked about abattoirs. I believe Doug did, and you talked about the bureaucracies. I understand that difficulty. As someone who's the food critic for food safety, I get all of that. I sat on the subcommittee, as did Larry and Bev, and Frank sat there last year as we went through what happened previous to that. I understand the difficulties that small abattoirs are having, and without any question we need to find a way to remedy that issue. I think Sean and Steve mentioned how we could incentivize these sorts of things.

One of the things I'd like your comment on is the suggestion that we need to keep them open, because it helps the producer to have alternative markets to sell livestock to especially, and maybe—hopefully—it keeps the price up. Instead of the sense that we need to have them comply with whatever the health and safety regulations are, whether they be provincial or federal CFIA, if we were to say to them that we need them as an incentive to farmers and that we would actually help pay for the changes to the abattoir, but not necessarily to give all the dollars back to the farmer, because we would have actually increased the level of competition whereby you're going to sell into the market, would that be helpful in any sort of way—other than just that we need to keep local abattoirs open? I think we need to do that, period. It would serve the broader community in all manner of ways, not just in a competitive sense, if the government were actually using programs to ensure that the abattoirs came up to the standard we require.

● (1130)

**Mr. Sean McGivern:** I think there might be some merit in that, but I also think we need to start off with good policy first. We need to have sound policies and not have these incidents happening all the time whereby we're just continuously taking taxpayers' money and spending it on abattoirs so that somebody can go back to their boss and say "I did something today and there was a non-compliance." I think it's okay some days to find out that they are compliant and that there is nothing they need to change. A lot of these butcher shops have been multi-generational and operating for years, and we have what we call federal plants with up-to-code standards that are killing people. I don't think anybody knows of anybody in a provincial plant in this county who has ever been killed.

I think we need to look at decentralizing our food system as a huge issue. We have everything clambered into very regional, specific locations; then, when you have problems and you have issues, they're massive. I don't know what the answer is, but I know that we need some decentralization of our food system. That's going in the face of everything we've heard over the years, but I firmly believe that's what we need.

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

Mr. Richards, you have five minutes.

**Mr. Blake Richards (Wild Rose, CPC):** Thank you, and thank you all for being here to share with us your experience, your expertise, and your passion for farming.

It's interesting how two people can take something completely different out of what they're hearing, but I know I'm hearing something somewhat different from my Liberal colleague on the other side. I'm hearing more of a positive message—not that there aren't things that need to be done; not that there isn't a lot of work to

do to ensure that there's a future for farming; not that there aren't a lot of things that we need to do to make the industry more attractive to young farmers, but I'm hearing a very positive message from our young farmers all across this country.

They're seeing a future in agriculture, and they want to be a part of it. They're looking at it and understanding that they need to run their farm like a business and take a business approach to the farm. They're looking at innovating, they're looking at diversifying, adding value, and these kinds of things to ensure that there is a future; that they can have a profitable business.

I'm really encouraged by some of the stuff I've heard about today, things such as the feeder co-ops and the Dairy Farmers' program. I know that Alberta Milk has something similar in Alberta, where I'm from; they do the same kind of thing. FarmStart is something I'd never heard of until today. This is something that needs to happen all across the country.

These kinds of things are initiatives that are coming from farmers and from on the ground. There are things that government needs to do, but it's very encouraging when we hear people taking initiative to ensure the future of their industry. I'm just so encouraged by that.

Of course, there are things that government...and we've heard about them today again—it's no different from other provinces we've been in—things such as the regulatory burden that is placed on farmers, which is huge, and of course programs. That's what I want to focus on with my question.

I've heard suggestions at various times across the country, and I find them intriguing, I guess. It's probably somewhat controversial to talk about programs in this way, but I've heard it from a number of farmers and I want to get your thoughts from this panel on the suggestions. It's an amalgam of two things I've heard.

One of them is about programs. I think there's probably no farmer who wants to earn their living from government programs or from their mailbox; they'd rather earn it from their farm. The only question is, of course, is it possible to do that? We've heard the suggestion many times that outside of insurance types of programs, maybe there's not a need for programs; maybe we should look at just an insurance type of program.

We've also heard many times, and I find this very intriguing, the idea of making sure we have programs that are targeted for beginning farmers. I say "beginning farmers" because they're not always "young" farmers but "beginning" farmers.

An amalgam of those two things is the idea that we could look at programs specifically for young farmers, beginning farmers, and have an insurance type of program. Do you see a way that we could move forward in agriculture with that kind of system, and if so, how would it work? I know that's probably not an easy question just to jump in on, but I'd like to see what your thoughts are on it.

• (1135)

**The Chair:** Grant.

**Mr. Grant Caswell:** Well, the FarmStart program sounds like a really good start to the program. Some of it would have to do also with succession planning, which they talked about also, which is not really starting on their own but rejoining an operation that has to become a viable operation as well.

You can't just jump in knowing that you're going to lose your shirt every day and never get it back. That's key. I don't know what exact programs can be manhandled to deal with the whole thing. And you're right: we don't want a cheque at the end of every month as a pay cheque. But sometimes the cheques don't get evenly disbursed either. When there is a problem or a cause, some people will gain access to more of it, while other farmers won't.

It needs to be more of a generalized program so that it covers a wide variety of people in general.

**The Chair:** Thank you.

Gayl.

**Mrs. Gayl Creutzberg:** I'm not too sure what you refer to when you say insurance, but certainly FarmStart is looking at such programs as a dollar matching. Some new farmers think they should be able to buy a farm in their early twenties. We can't normally buy a home in our early twenties. But if they start putting a dollar aside and every dollar is matched, that's one example.

The other one, of course, is finding a way to pay mentors, so that farmers who are retiring could make an income being one-on-one trainers. There is a step-up program right now being offered, but only to those who are in agricultural programs at universities or colleges. It's not available to those we call "second career", those who are coming into farming in their 40s or 50s. Infrastructure, I think—I heard this early on—is a big part: assistance with building good, solid systems.

**The Chair:** Blake, you're out of time.

**Mr. Blake Richards:** Time goes fast.

**The Chair:** Let's move back to the Liberals.

Go ahead, Mr. Valeriote.

**Mr. Francis Valeriote:** I find it curious, Grant, that you would say people are losing their shirts, and yet the other side would just put a positive spin on this and say everything is fine and we will stay the course.

You know, it's not fine. I'm not saying everything is going to fail; what I'm saying is that we have to do something meaningful in order to change things, because the old dynamic, the old idea of working within the confines of this box and these programs, is not working. It's really that simple, and we're living in denial if we look at it any other way.

Having said that, what I heard earlier and to an extent this morning—I don't know that I heard it this afternoon—was on the issue of competition. I'd like to hear your take on it. That's the consolidation in the fertilizing industry or the processing or the grocers. These industries have consolidated into such small groups that you have become essentially price-takers, with no control at this point in time. The United States has anti-trust laws that can break up these large companies; in Canada we have competition laws that prohibit collaboration in setting prices, but we can't break up these companies.

Do any of you feel that we've reached a time when that needs to be looked at in order to improve your competitiveness and allow you to be less a price-taker and more a price-setter? Does anyone want to talk about that?

**Mr. Sean McGivern:** I can say that for the last two years at the Ontario Cattlemen's Association, resolutions have come forth to try to ban captive supply and packer ownership of cattle. I don't know what's going through the farmers' minds, but they're not voting in favour of it. They say they want those packers to be able to own those cattle if they choose to, and I don't know how we help guys, if that's their attitude.

There are feedlots out in Alberta, and they can pull cattle out of those lots one week early, with a few pounds' difference, and lower the price of our market and still have their supply there. They can just go back to the market the following week and buy them that much lower. I don't know how we compete in a beef industry that does that with so few players.

• (1140)

**The Chair:** Bruce, would you comment?

**Mr. Bruce Saunders:** I think it's a valid question and a valid point.

At one time we raised the point with the Competition Bureau that consolidation was in effect becoming a restraint, and that if we didn't have supply management on the dairy side we would be very vulnerable. The Competition Bureau thought there was really no problem with the current competition on the processing side, or even on the retail side, but they thought supply management should be looked at. Well, supply management is simply 10,000 or 13,000 farmers in Canada getting together and selling as one selling group, but that's what the Competition Bureau thought should be looked at, not the other side.

There has to be an attitude change if that is to get any legs.

**The Chair:** Mr. Hayes wanted to comment.

**Mr. Douglas Hayes:** I'll try to expand on what Sean said about the Cattlemen's Association not wanting to prevent packers from owning cattle.

In Ontario here, Cargill is the big player. There are other small ones too, but there are a lot of farmers out there who are scared to stand up and say what needs to be said. If people stand up and say at a meeting that they think the packers shouldn't be allowed to own cattle, they don't know, but maybe the next week the buyer doesn't show up for their cattle; they don't buy their cattle. A lot of people have concerns about that.

**Mr. Francis Valeriote:** Bruce, did you mean supply managed to the extent that they would consider dismantling it when bureaucrats were questioning it?

**Mr. Bruce Saunders:** If they were going to review anything, they were going to review supply management and its ability to function as it currently does.

**Mr. Francis Valeriote:** My goodness.

Do I have more time?

**The Chair:** You have about 40 seconds.

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

It was said this morning and it was said last week that Farm Credit is really not helping the farmers to the extent that it could. Capital is an issue. I suspect the guy who's coming over from Dubai probably has some large money that he's able to invest, unlike the rest of us.

Farm Credit comes before us and proudly announces that they've made a few bucks. Farm Credit should be breaking even, as far as I'm concerned. It should be a company that lends money, and it certainly has the responsibility of collecting that money, but it should not be making it more difficult for farmers. In fact, as a bank of last resort, it should perhaps be able or willing to take a little more risk than the regular banks.

Has anybody had an experience with Farm Credit? Would anyone like to offer an opinion?

**Mrs. Gayl Creutzberg:** From a personal standpoint, I can tell you that when I wanted to start farming, I approached every large bank and Farm Credit. They actually came to the farm and they almost laughed at the place. Four years later it sold for almost \$100,000 more.

We didn't come from farm backgrounds, but there was a salary there in support, and they were just not interested. I think the sheep didn't help either. They didn't see sheep as a viable business. Of course, now it's a very viable business.

**The Chair:** Thanks. Your time has expired.

Go ahead, Mr. Lobb. You have five minutes.

**Mr. Ben Lobb:** Thank you, Mr. Chair.

My first question is for Mr. Saunders.

I really commend Dairy Farmers of Ontario for taking on their young farmers program. Where do you see the program heading in Ontario? Are you looking to expand the numbers or expand the number quota? As well, have any of the successful applicants from

this past year had any other difficulties, either in purchasing equipment or anything else? What has the transition been like so far?

**Mr. Bruce Saunders:** To your last question, I can't comment, in that I have not heard anything on that.

Is there any interest in expanding the program? At this stage, it's only been in effect for eight months, so it's not likely, at least in the short term. I think the next time we expand the program even further, there will have to be more support from the existing producers.

**Mr. Ben Lobb:** My next question is for Mr. Eby and perhaps Mr. Hayes.

Do you think the federal government should get out of the business of doing business risk management and allow the provinces to take that on themselves, to be able to react and respond to the differences and variations that each province experiences?

• (1145)

**Mr. Steve Eby:** It may not be business risk management per se, but there's an element that the federal government is not involved in right now.

We see programs in Quebec, Alberta, and Saskatchewan, but we see the federal government pointing the finger at Ontario for not being involved. There's an area in that whole business risk management profile—and it's maybe not APF per se, but pillared within—where the federal government should be at the table providing leadership.

**Mr. Ben Lobb:** Let me rephrase that. From an overarching view in terms of trade, disease prevention, research and development, and all those things, do you think they should let the provinces completely administer themselves, perhaps with some funding to them, so that they're respecting the provinces' jurisdictions?

**Mr. Steve Eby:** I suppose we have to respect the provinces' responsibilities with some of those issues, but if you keep downloading that, we continually assist in that unlevel playing field.

Yes, there may be tweaking that can be done, but without looking into a whole lot of detail right now, I'd be cautious on that, because then you create 13 more mechanisms of unlevel playing field with regard to research. Research might be a small part of it, but when you get into disease issues and that sort of thing, that's where we need Canada as a government to step up and say what the blanket policy is. We may not all agree with it from within, but if we've got a blanket policy, then we're not creating walls for interprovincial trading.

**Mr. Ben Lobb:** I'll ask one question, and then you can finish it off.

In Steve's area and my area, there are a number of small abattoirs and butcher shops, and in my short time there are certainly a lot fewer than when I was a kid. If there were, say, another five or 10 smaller abattoirs in place in Bruce County, how much more of a benefit would that be to the beef sector in the Bruce and Grey counties? Would that mean a lot more profit?

**Mr. Douglas Hayes:** As I said before, I think it would give an opportunity for someone to access the consumer dollar. If you have to ship your cattle all the way down south, and then if the meat is brought back....

There is a market out there. People are constantly coming to me and asking if they can buy a quarter of a beef or whatever, and I have to turn them down because it just isn't feasible the way it is.

There are two things: more packing through small abattoirs, and making it feasible and profitable for the ones that are already there.

**The Chair:** Gayl, you have the last comment.

**Mrs. Gayl Creutzberg:** The other option is mobile abattoirs. We would like to see some mobile abattoirs. There is less stress on the animals and it deals with the smaller producers that have....

**The Chair:** Could you explain, just so it's on the record, exactly how a mobile abattoir would work?

• (1150)

**Ms. Gayl Creutzberg:** It would hitch on to the back of a pickup. There are chicken abattoirs, and certainly slaughtering chickens is a problem in the area, more perhaps than slaughtering beef. There would be an inspected facility that is pulled behind—a big stainless steel apparatus.

**The Chair:** Thank you.

Before we move on to the last round, Steve, I have just one thing. I think you and I have discussed this before.

It's the issue with provinces such as Alberta, Saskatchewan, and Quebec. The only way the federal government can get in.... For example, if they're going to give you \$100 a head, even though the Alberta government is already giving their beef farmers \$100 a head, as a national government we're still bound to do so too. If you could get a commitment from Quebec, Alberta, and Saskatchewan to withdraw their programs and have the government do it, then everybody would be treated the same.

But we don't have the mandate as a federal government to tell them not to do that; they would have to do it willingly. The bottom line is that if the federal government gives everybody, whether in the beef, hog, or sheep industry, or whatever, a certain amount of money, they have to give the producer the same thing no matter where he lives in Canada. At the end of the day, unless the provinces back off from doing what they're doing, you still end up with those inequities.

I farm and you farm here in Ontario. I've always thought, and you've heard me say it before, that this is why, when it comes down to it, the only body that can alleviate that inequity is the province, which has to step up to the plate—unless you can get the other provinces to back off and let it be run as a national program.

**Mr. Steve Eby:** Those programs exist, and you're right that individual provinces have made those decisions to support the producers in such a way. However, there is an opportunity for the

federal government to show an element of leadership in something like a price insurance program. I know that insurance is a provincial area, but there is an opportunity to show some leadership, which can be blanketed across the country, to help level, I'll say, a new playing field. The old one has Alberta, Saskatchewan, Quebec, with their programs. Let's move on.

There are programs on the table that have been discussed, and you people have been exposed to them at other committee meetings. They look reasonably sound. Let's move on. The federal government can show some leadership on some of that on a whole new level.

**The Chair:** Mr. Shipley, you have the last of the first round.

**Mr. Bev Shipley:** Thanks, Mr. Chair.

Thanks to each of you for coming out.

All of you talked about the significance of levelling the playing field in our first group. We talked about that, so I won't repeat the need and the common thread that has gone through, particularly on regulatory issues.

One of the things we have talked about, coming across Canada, is that there is always a variation in programs with caps. You indicated, Mr. Hayes, that there might in fact be a cap of \$50,000. One of the numbers that was always out there is that 20% of the farmers produce 80% of the produce. That's an old number; it's likely 15% of the farmers now who produce maybe 85% or more of the produce.

Just thinking in that context—and I'd like to have some comments—and recognizing that we have high input costs for capital, equipment, land, rent, which is actually one of the controllable parts of production, do you see as individuals that there should be a cap, and should that cap be low, when we know that the numbers for production of food are somewhere in that range: that 15% produce 85% of the produce?

I'll just open it up. Maybe Grant and Steve and Sean.... And Bruce, I don't know whether that comes into your....

Okay, Grant, make a quick start.

**Mr. Grant Caswell:** As long as there is enough money to go around in general, whenever someone needs a hand it should be available. We should not have someone taking all of it out the first time. As I explained concerning the environmental farm plan, there was nothing left any more for anybody. That's the type of deal we don't want to happen with these plans: that someone can get their hands on them before anybody else has a chance to get a helping hand. It's not always the guy who maybe needs it, but he already has his out, and the guy who's left in the corner is still the one who's not going to make it.

**Mr. Steve Eby:** With regard to caps, I'm speaking as a small business owner with a family farm. I'm not incorporated.

The cap issue is certainly a hot topic in different areas. We have \$1.5 million to \$2 million in sales. If you put a cap on a program—let's say \$25,000—depending on the disaster that program was created to cover, why would I even be involved in it? My sales versus the potential return on that particular program, because of the way it's capped, make it of very little value, and I'm a relatively small beef producer.

From a policy standpoint, I would sooner see a food policy in place that supports farmers to the extent that we wouldn't need some of these programs. Let's get that distribution of income back to where it's produced. That comes, maybe, to consumer education and that whole side; consumers would have to buy into the idea of who they're supporting and why they're supporting them.

• (1155)

**Mr. Bev Shipley:** Would you comment, Sean?

**Mr. Sean McGivern:** I really don't believe subsidies should be based on pounds per animal or bushels per acre. I think we need to get away from that system. It doesn't encourage sustainable healthy production. It's a "much wants more" attitude. I think we need to pay people for goods and services and look at other ways of keeping farmers on the farm.

**Mr. Bev Shipley:** Sean, you've touched on one of the things in terms of subsidies, and it brings me back to Gayl, in terms of a comment you made that would raise.... I'm just wondering about the question it raises.

Farmers will tell us that when you subsidize, actually all you do is marginalize the capitalization of assets. One of the big issues is the price of land. We're overcapitalized sometimes, but I'm not saying in equipment, for example. If we went to a match of one for one, so that a young farmer might actually be able to buy a farm, do you see that as an issue? I think it might be a trade issue; if it became a national one, it would actually become a trade issue, but do you see that as one of those steps? Someone says to himself that he only has...it's \$5,000-per-acre land, but it will actually only cost him \$2,500 per acre, so he can actually pay \$3,000. Do you see that as an issue that drives the price of the asset and the competition for land upward?

**Mrs. Gayl Creutzberg:** That question, I have to admit, is actually out of the scope of my expertise. Sorry.

**Mr. Bev Shipley:** I think, Sean, that may go back to some of your concern. I'm not sure.

**The Chair:** I hope you have a brief comment.

**Mr. Douglas Hayes:** The reason 15% of the farmers are producing 80% of the food is that the policies in place have been discouraging young farmers from starting up, so it has just become bigger and bigger. I think that's the reason we're here today. The title of our meeting today is to help out the young farmers. If policies were in place to encourage young farmers and you were paying less subsidy to these big guys, we wouldn't be in the situation of having 15% of the farmers producing 80% of the food.

**Mr. Bev Shipley:** That's not North America, unfortunately; it's a global issue.

**Mr. Douglas Hayes:** I understand that.

**Mr. Bev Shipley:** I'm just trying to work around it.

**The Chair:** Thank you, Mr. Shipley.

Go ahead, Mr. Valeriote, for three minutes.

**Mr. Francis Valeriote:** I think the lack of leadership to which Mr. Eby is speaking, and to which I was speaking earlier, is this inability to move out of the box. Our preference is to remain in the defensive mode, defending our existing programs, saying they're working when they're not, moving away from them, fixing them or abandoning them, and perhaps responding to the actual issues that we're hearing here today and over the last week.

One of the issues we've heard about is succession planning and the inability to transfer your farm not just to children but to other related people, such as nephews, nieces, or people who are not related to you at all. I believe we're at the point where we need to look at incentives and allowing those transfers to non-related people, and promoting that kind of transfer by having a match-up program. One of the witnesses spoke about such a program last week: you try to match up retiring farmers with new—young or otherwise—farmers who want to get in but can't find the farm they want.

Could any of you speak to that idea?

**Mrs. Gayl Creutzberg:** That's what FarmLINK is doing.

**Mr. Francis Valeriote:** Yes. And what I'm saying is, do you need more tools in order to do it effectively at the federal level, tax laws or otherwise?

**Mrs. Gayl Creutzberg:** Yes, but I don't know if I can go into details on that.

We run into a lot of restrictions because of partnership agreements, regulation issues, and the whole liability of training.

**Mr. Francis Valeriote:** Yes. Go ahead.

**Mr. Bruce Saunders:** Well, I think you've hit on a valid point. One of the problems with the capital escalation that's happened in all of agriculture—land values, and in our case as well, quota values—is that we have created operations that are extremely capital-intensive. And for the next generation, whether it be sons or daughters, and in my particular case it's actually nephews, without some assistance from the older generation—and a tax system would sure help—it is almost impossible that they can actually make the payment. If it's a son or a daughter, you can pass it along at an agreed price. But if it's a niece or a nephew, it will be full market value in the pasture, and there's no way that either the older generation or the new generation can afford that process. So I think there has to be some help.

• (1200)

**The Chair:** Thanks very much.

We have run out of time here, unfortunately. It never seems to be long enough.

There's just one thing I wanted to touch on. We heard quite a bit today about caps, for and against. I've always supported caps. But one thing that is pretty clear as we travel across the country is that overall, there's a lot more opposition to caps than there is support for it. I thought that was fair to bring up.

Sean, you talked about some of the larger corporations, and Doug did as well. I have a private member's bill out that has general support from all parties. The intent of the bill is to exclude large corporations or publicly traded companies from accessing the same government programs that each of you, as farmers, would access. You can go online and get the details of that. I would be interested in any feedback on that, negative or positive, because it's a draft, what have you. But it would do that.

It's not illegal in this country for packers to own cattle or for a feed company to own hogs or chickens or whatever. This is a way around it. But I am quite clear. My intent is focused on those so that they

don't access.... The Saskatchewan Wheat Pool took \$1.8 million—I believe that was the figure—out of CAIS about three or four years ago, and to me, that's unacceptable. They can get their margins out of the marketplace, whereas the producer on the ground can't always do that.

Thanks very much to all of you again for being here. On a beautiful day like this, I know where you'd sooner be, or should be. But thanks again. We really appreciate having you here.

With that, the meeting is adjourned.

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