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Chair

Mr. Larry Miller

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• (0900)

[English]

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

It's nice to be here in lovely Nova Scotia. I guess a few witnesses still need to join us. That is fine, but we would like to get started. We always seem to run short of time. The sooner we start, the more time we will have.

I'd like to thank our witnesses here again. This is the continuation of our cross-Canada study on the future of agriculture, and particularly how we attract young people and keep them in agriculture.

Without further ado, we have Mr. Peter Elderkin and Ms. Harbottle, speaking as individuals.

Mr. Elderkin, if you can try to keep your comments to around seven minutes or so, that would be great.

Mr. Peter Elderkin (As an Individual): That's great. Thank you very much.

I was told that the purpose of this was to see how we can keep young farmers in the industry and encourage young farmers. My comment to your assistant who called me was that perhaps I should dye my hair before I get there—

Voices: Oh, oh!

Mr. Peter Elderkin: —because I exceed the age expectation. But perhaps I have some interest in this because I have four sons.

One is on the farm right now, basically because he's between work, but my four sons do not want to do what I've done. They do not want to have the life that we've had the last little while, and I do not encourage them to do it.

I do not have a formal presentation for you, because basically I stumble when I try to follow a formal one, and I can roll quite well without it.

I've been farming for over 30 years with my father; we're a planter. The farm has been continuously farmed by my family since 1760. My father is quite thankful that I've taken over, because he feels that he won't be the one to wind up the farm. He thinks it's probably going to happen to me.

We have some major problems in the industry. Basically, the major problem we have, which faces existing farmers and new entrants, is an income problem; it's straight and basic. We have

programs that are thrown at us and thrown at us one after the other, but we have an income problem. The income problem is nothing that would encourage our children to carry on the operations.

We've had some rather rough years. Our family farm is mainly in fruit now. We were completely in apples, into wholesale. We were one of the first in this province to lose our market access. Back in 1985 we were hit with the changeover in the Sobeys' Clover Group, into the Mason's and Belliveau scenario, so in 1985 we basically lost our market, which was Clover in Moncton. It basically supplied the French shore of New Brunswick.

We've muddled around a number of things over the years. We now have a marketing company with several other farmers, and the intent of our marketing effort is to basically not compete against each other. We, these individual farms, all pack and ship and store. Basically, when we compete, we compete on price. So we've combined our marketing efforts that way. However, we still are outside the marketing chain, and our problem is still income.

Our expenses are through the roof. We see a number of programs being thrown at us, over and over and over, federally and provincially, but it still doesn't address the income problem. Recently, several years ago, I think in 2005-06, there was an options program given. This was an experimental program. Many of you probably are aware of what it was. Basically, it was an income guarantee that took the taxable income of a farmer from his income tax return and took it to...I believe at that time it was \$25,000 for a family and \$15,000 for an individual.

I believe what we need to do in this country is get away from program after program after program. We need to get into something that is going to address income. When we address the income situation, we will not only address the existing farmers, but we will address the new farmers. They have to know when they come into a business, regardless of the amount they invest—whether it's a small operation or a large operation, it's all the same—that there is a bottom line there. It's time we take a look and put our farmers in the same light that we have put upon the education profession and the health profession. We do not question—or I guess some of us do, but we realize the importance of it—our health system, and we really don't question the income of doctors. The teaching profession has really been stabilized by the fact that they know what they're getting: they're getting enough money to get teachers in there. Actually, they're getting enough money to get a surplus of teachers. But this is cyclical, and everything will be cyclical.

When we have this, it will encourage the farmers to get into the industry, because they'll know that they will get an income.

● (0905)

We need to have an income tax-based system. We all file income taxes. We know what it is; we know how to do it. We need to get away from ad hoc programs thrown at us over and over and into a system such that we take our farmers to... A start for a lot of us would be taking us up to the poverty line. Whether you want to call it an agricultural subsidy or an anti-poverty subsidy, or whatever, this will allow new entrants to come in.

We need pensions for people like me. My children are between the ages of 34 and 20. I have one in a mine in B.C.; he's an engineering co-op student. I have one in northern Alberta who is driving a truck, who makes more...

Are we getting close to time?

Anyway, we need to do something to address this. We need pensions. We need methods of debt reduction. Debt reduction will not be a problem with an income supplement. We need methods to do this.

And we need to have the smooth transition of existing farms. Family farms are the lifeblood of the country. This is aimed at family farms. We need a transition of family farms from one generation to another. Pensions allow the retiring farmer to go out, but maintain the expertise on the farm. This is very important, that we continue the mentorship.

But we need to have an income for our young farmers and for all farmers. This will address everything, right across the board. It will address the farm debt crisis, because interest payments will be made and debt will be paid.

You have to take the whole thing into consideration and cut out your programs. There's probably enough money in the federal and provincial programs in place now to run a program like this without much cost to the consumer. The only problem is that it is going to definitely be hard on the civil service in the agriculture department when we take out the dozens and dozens of programs that are currently being administered.

Anyway, am I fairly close?

The Chair: Yes, you are. You're right on, actually.

Mr. Peter Elderkin: Anyway, that's it. As you can see, I have the ability to ramble and probably take up everybody's time here. But thank you for this opportunity to speak. It's something we need to look at very quickly and very seriously. We need to get in there, cut the programs, provide income stabilization. Let's be there; let's back up the people who do not have a backup now. Let's not worry about subsidizing the profitable farms. Let's make sure we're there when they are not profitable.

The Chair: Thank you very much.

I'll now move to Ms. Harbottle for seven minutes.

Ms. Cammie Harbottle (As an Individual): My name is Cammie Harbottle. I'm 28 years old, and I grew up in a small town in rural B.C. Clearly, agriculture is in a crisis, and I'm certain that many of the stories you'll be hearing or have been hearing across the

country are about that crisis. But my story is about solutions and success in the face of those challenges.

The first part of my story is about education. My family was not involved in farming or agriculture of any sort. My first real introduction to agriculture came after I quit university in New Brunswick. I was sitting in the classroom reading about random, abstract things in a world faced with critical challenges, and I felt the need to address them in a practical and constructive manner. So I quit university and moved back to B.C. to complete a year-long ecological agriculture program at Linnaea Farm on Cortes Island.

This program is unique, in that it brings together idealistic and dedicated people in a functioning farm context. At Linnaea you can learn to milk a cow, butcher a sheep, run a seed company, and work in the market garden. At Linnaea I also discovered my passion for blacksmithing. This is the kind of education that provides the inspiration and fuel to survive the trials and tribulations that inevitably arise as one begins to farm.

Linnaea Farm was like first-year university for me. I then did a master's and a doctorate—and maybe even became a bit wise—at one of the leading, small-scale organic vegetable farms in Canada. It's just a 25-acre farm, and it supports a family of four and the equivalent of five full-time employees. At this farm, when four greenhouses are destroyed by snow load the farmer buys a brand new one with cash. When the tractor dies, the farmer buys a new tractor with cash. Just to be clear, he does this off 12 acres in vegetables. The other half is in green manure. People are lining up for more than an hour to buy vegetables at the new organic market he started in Salmon Arm, B.C.

This model works. It works economically and ecologically, and it makes people healthier. It's a win-win-win solution. Solution one is that you get an education; solution two is organic market gardening.

After five years there I moved to Tatamagouche to live with my partner and set up my own farm. Now in my second season, I'll cultivate nine acres in a rotation of green manures and vegetables. Like last year, I'll sell at the Halifax farmers' market, at a mid-week market in Tatamagouche, through our community-supported agriculture box program in Tatamagouche, in Truro, and to supportive local businesses.

My farm gross of \$55,000 to \$58,000 covers salaries for my employee and me, and loan payments for capital expenses. This income is generated from four acres. Unlike many new farmers, I have access to land without a mortgage. I live on a 100-acre farm that is a community land trust.

Community land trusts are a mechanism that removes land from the private property market, guaranteeing its affordability and perpetuity. There are a few examples of CLTs in Canada, but thousands of acres and houses are on CLTs in the U.S. In Burlington, Vermont, over 6,000 houses are on land owned by CLTs. It's a proven and effective model that ensures affordability.

Vibrant and diverse rural communities are solution number four. Tatamagouche has Buddhists, Christians, atheists, artists, and hardcore old farmers. These people have all supported me in many ways, whether it was helping me to escape air from the power steering in my tractor, wrestling greenhouse plastic in a gale-force wind—a slight exaggeration—or even buying vegetables when they had a garden out back. People deeply love their rural communities in Canada, and these communities are a source of great wisdom and strength. The rest of Canada can't forget them.

Solution five is mentors. At every step of the way someone has been there to give me a seeding schedule or tell me how to design a packing shed properly, to set up irrigation in my greenhouse or deal with cutworm. These mentors are the best professors that society can offer, and they deserve that level of recognition.

While I put forward these solutions that my short career has been fortunate to encounter, I know that the majority of farmers around me are struggling beyond the call of duty and beyond what can be expected of any job. For this reason, and because food and farming are critical to society, I joined the National Farmers Union in an effort to support farming across Canada. I've been a member of the NFU for three years, and in November 2009 I became the youth vice-president.

In addition to enhancing the solutions I've touched upon, this committee needs to address the problem of financing. It's an issue we have discussed extensively within the NFU Youth.

● (0910)

Let me tell you about two friends who have started a market garden 20 kilometres away from me. They were both working the oil fields in Alberta and became disillusioned and dissatisfied with their lives. They came back to Nova Scotia to farm on their family farms and grow nourishing food for their communities. They can't access financing to invest in the assistance and infrastructure that will make their farms economically viable. Since they don't own the land, they can't access the Farm Loan Board or the CALA program.

New farmers like these don't have the equity that these programs require. So they're stuck until they are forced to return to the oil fields, which one of them is considering this season.

In conclusion, I present five solutions.

One is education that is practical, theoretical, comprehensive, relevant, and inspires. Canada needs many Linnaea Farms.

Two, the organic market gardening model works in every way. Canadians need healthy food.

Three is access to land. Community land trusts guarantee the perpetual affordability of land.

Four is vibrant rural communities. What young person wants to farm in a rural community with no other young people?

Five is mentors. We need people to be inspired by mentors who can provide wisdom. They need to have the time to spend with us.

These solutions are the seeds, and your job is to grow them out across Canada.

Thank you.

● (0915)

The Chair: Thank you very much.

We'll now move to Ms. Bishop for seven minutes.

Mrs. Patricia Bishop (As an Individual): Good morning.

I'm not sure that the committee is aware of the importance and uniqueness of agriculture in Nova Scotia, and the Atlantic provinces, actually, and of the number of opportunities we have here.

Some time ago, my husband and I lived out in Fort St. John, British Columbia, where we worked on a beef and grain operation. The farmer there thought we all lived in poverty in Nova Scotia, which is a very clear indication that across this country people have no idea of the impact and diversity of agriculture we have here. From our cranberries and blueberries, to vegetables, to all of our meat-growing operations, it's quite diverse. When you have the opportunity to take a tour here, I hope you'll recognize the intensity of what we have here in Nova Scotia.

Our region is different. The Atlantic region is different from other regions across Canada. For that reason, it's important that when we look at policies across the country, we realize that we are not all the same. Policies that may impact positively on the western provinces often will be to the detriment of our smaller region here. It's very dense. The policies don't seem to necessarily help us here in this region.

I don't have all the answers, so I contacted a bunch of people in my network and asked their opinions on what I should make sure to mention here. One thing everyone commented on was profitability. We have to get some mechanism in place to ensure profitability. We talk about the barrier to getting into agriculture being the cost to get involved. Well, that wouldn't be an issue if we had a strong business model that demonstrated that we'd get a return on our investment. Right now the challenge is that we can't figure out a way to pay back the debt we need to incur to get into it. Lots of other businesses in this world have a great deal of debt, but they seem to have a business model, because there's value in their product. Right now we do not have an appropriate value or an appropriate return to the farmer for that product. So profitability is major.

When something like the cost of pesticide—organic or conventional pesticide—is different just across the border due to regulatory challenges, we have to figure out how to make this a somewhat more equitable playing field in terms of trade and the cost of production.

We also have challenges with labour. The increase in the minimum wage is not helping the situation. We obviously want people to have a good level of income, but the increase in the cost of labour is very damaging to our ability here in this region, and I think basically across the country. This is not something that's specific to here, necessarily.

Those are a couple of issues related to profitability.

Also, the committee wants to consult farmers on how to better share information. I think that fostering cooperation is what we need to do. We need to figure out a way to work not in isolation from one another but collectively in our regions and across the country. We need to have common goals and common solutions and leaders and mentors to help us build that collaborative approach.

One part of profitability and agriculture here in this province is research. We have a research station in Kentville. That research station is critical to what we do here in Nova Scotia in terms of our cultivar development, in terms of supporting new entrants to agriculture, and in helping us make sure that we're adapting to change by trying to be innovative. It is a place where we can be developing new opportunities for agriculture. That station is critical to the continuity of productive and viable agriculture in this region.

What else did I have to say? Basically, I see that we need to do more work on incentives. It would be really great if we could have more money in marketing. I was thinking as I was driving here this morning about how so many Canadians know a lot about our history because of those wonderful long television commercials. They are helping us to build culture. But where are the commercials about supporting our local agricultural economy and local farmers, about eating well so that we can have a healthy country and a healthy rural economy, with lots of vibrancy, about supporting the small farms and large farms, and organic production as well, which was mentioned here by Cammie?

● (0920)

All of these different ways of supporting agriculture are what we, as a population of this country, need to take on and believe in and want to support and invest dollars in. We need to have some way—I think the federal government—of saying, here we are with Canadian agriculture. This is what's going on. This is a part of our fabric, of our culture, and of what we are as Canadians.

So it's about our research, our profitability, getting the message out, and putting farmers on the playing field in terms of recognition with the nation.

The Chair: Thanks very much, Patricia.

I'll now move to Erica Versteeg.

Mrs. Erica Versteeg (As an Individual): Hello. My name is Erica Versteeg, and I'm thankful for the opportunity to speak with you today about some of the challenges that my husband, Tony, and I have faced while trying to get into the dairy industry.

We met at agricultural college while we were attaining degrees in agricultural science. Since then, we have lived and worked on farms and been involved in industry. We have a young family. I work as an environmental farm planning coordinator and Tony works as a production supervisor at a producer-owned dairy. He recently left

farm employment when we couldn't reach a sale agreement for the purchase of the farm. We have the goal of one day owning and operating a dairy farm in the Maritimes.

Over the past eight years, we have tried to purchase ten farms, and ten times we found ourselves at the grace of the farmer to make a deal happen. We have never struck a deal because the reality of trying to purchase a dairy farm is that the break-up value of the farm is greater than the business's ability to have cashflow.

I want to be clear; I'm not blaming the seller. They were all willing to leave some assets behind for the sake of having the farm continue. The obligation to ensure a farm's transfer to the next generation does not lie solely with the seller. The sale of a farm has to provide for the seller's retirement and cover any existing debts the business has. This I understand. But farms have to transfer to the next generation or they cease to exist. In the past, we've gone the traditional route when trying to purchase a farm: price negotiation, lender financing, seller financing, the transfer of assets over time, and just plain old sweat equity. But it didn't work. It wasn't enough. We feel strongly that we have the required skill set to succeed in the dairy industry if we could just get our foot in the door.

This past winter, when we were once again presented with a potential opportunity to purchase a farm, Tony and I felt we had to make it happen. There had to be a way. We knew it would likely be complicated, but we thought if we could approach it differently, it might be possible. We sought advice from accountants, lawyers, Department of Agriculture staff, and provincial staff with economic development. We got in contact with our MLA's office, and for the first time we saw something new: outside investment. Is it really realistic to expect someone in their early 30s to have the required equity to purchase a \$3 million asset?

We scoured for provincial and federal programs that would be of assistance, and initially we found some that we thought would fit. Sometimes we got a quick answer, like from ACOA, the Atlantic Canada Opportunities Agency: we don't do primary agriculture. Sometimes we travelled down the path thinking we'd finally found something that would work. We had a small number of potential investors tucked under our arms, with whom we felt comfortable doing business, and thought we would launch a CEDIF, a community economic development investment fund. They cost \$25,000 to \$30,000 to form—lots of hoops, hence the price tag. But hey, we weren't looking at purchasing a small business. We felt the costs of developing the CEDIF would be worth it since it provided some security for our investors, a tax credit, and the opportunity to create a self-directed RRSP. The value was on the other end, but upon further investigation, the outcome was the same. The program wasn't going to work for us. We had to have a minimum of 25 investors, not the six we had planned, and no one investor was allowed to own more than 20% of the company.

So what needs to change? We feel that programs need to be more flexible or that exemptions to current program rules be granted on an individual basis. Perhaps a committee to review exceptions could be considered so that ventures that meet the objectives of a program can be considered, even though they don't meet all the criteria. We thought hard about what would make a real difference for many people looking to purchase a farm, and we asked friends who are also on the periphery of the dairy industry and looking to get in.

The idea of a tax break for farmers who sell their farms as a going concern versus breaking them up was the prominent idea. Upon further thought, we realized that while this would create an incentive for those looking to exit the industry to sell their farms as going concerns, a definite gain for the purchaser as well, it was looking after the seller first, rather than directly aiding the purchaser. So why not reverse it? Why not rebate the tax paid to the government by the seller to the new farmowners over a given timeframe? Instead of having the tax dollars disappear—the government doesn't have them—the purchaser would reinvest them right back into the industry. This would really help to decrease the gap between asset value and cashflow ability.

• (0925)

Provincially, there is an interest forgiveness program administered by the Nova Scotia Farm Loan Board whereby a new entrant can qualify for up to \$20,000 interest forgiveness in the first two years of the loan. It's a definite help, but pretty small in the scheme of things. The catch is that only one new entrant per business can apply at one time. So this discourages the pooling of capital among new entrants to start joint ventures. Why not expand on this existing program so that two years of interest forgiveness is provided to each new entrant investing in the business?

A program that rewards patient capital would also be helpful. By "patient capital", I mean funds that are invested in a business for a minimum of five to ten years without the expectation of a dividend in the early years of operation. What we discovered is that it's important to have something to offer potential investors without giving up your position as a majority shareholder.

So where do Tony and I go from here? This week we'll continue to try to close a deal to purchase a dairy farm. And once again, the deal hinges on the grace of the sellers.

Thank you.

The Chair: Thank you, Erica.

We'll move to Curtis Moxsom for seven minutes.

Mr. Curtis Moxsom (As an Individual): Good morning.

Mr. Chairman and ladies and gentlemen, I didn't write any paperwork up. I'm going to try to shoot from the hip. This is the first time I've been invited to one of these conferences, so I'm a little nervous.

The Chair: There's no need to be nervous, Curtis.

Mr. Curtis Moxsom: I agree with Peter. I should have dyed my hair this morning, too, with all these young people here.

An hon. member: So should some of our colleagues in the House of Commons.

An hon. member: Some don't have any.

Voices: Oh, oh!

Mr. Curtis Moxsom: I've still got mine.

I've been farming for 35 years at a dairy farm in Stewiacke, Nova Scotia. We milk 200 cows. I've also been a livestock broker/cattle dealer for 41 years. My son came into the operation in 2003, and we made a major expansion of over \$3 million six weeks before BSE hit. Our gate sales in 2002 were \$3.8 million with our cattle sales, and since 2004 they've been down to \$1.7 million to \$2.1 million, but we still have this loan to pay for, and the interest and so on.

My son is in the business right now, but he's worried, and so am I. We've had a pile of debt and interest to pay. We've had no programs to help us in that respect. There's CAIS, NISA, whatever you call it. It's four years behind when you pay into it before you receive a cheque back on the program, so your money's tied up for four years, with no interest or nothing in it. There's no way in heck that young people can get into the farms today because of the cost. The bottom line, the same as the rest of the panel has spoken about, is the profitability.

I can prove that in the last 10 years we're getting pretty near the same price a litre for our milk, but our input costs have doubled: fuel, grains, labour, machinery—the whole nine yards. So we're not getting a fair return for our dollar.

I have one son on the farm with me. I have one who left. I think he's doing better than the one who's on the farm, but he's a dihard like me; he likes farming. I have three grandchildren coming. One of them is thinking about coming into the farm; the other two are possibilities. I can't see a future for them.

If we want to keep these young farmers on the farm, there are going to have to be programs put back in place. We used to have a lot of programs. We had staff at the Nova Scotia Department of Agriculture in Truro. They closed that all out about five to ten years ago. We used to have people we could contact for various things. We had a lot of programs for land clearing, building ponds, and so on. They've taken that all away. Just this year they cut out land clearing. So if a person wanted to expand on his farm and clear some land, there are no grants. They've taken all our apples and carrots away, but the bottom line is they're still costs to us.

Since BSE hit, our cull cows are worth nothing. I ship cull cows every week to Quebec. That's the only federal plant around now. Dairy cows—I was exporting dairy cows to Newfoundland, the United States. I was a buyer for China. That market has crashed. We were getting \$1,800 to \$2,500 for our heifers. You're lucky if you can sell a heifer today for \$1,000, but our costs to raise that heifer are \$2,000. So we're robbing our assets trying to pay interest and so on.

The solution I came up with in my own mind is that in order to get these young fellas on the farm, there are going to have to be programs put in place where they have government guaranteed loans or they have interest-free loans for the first 10 years. A committee would be set up of retired farmers or government staff to monitor these people when they start.

If we don't keep Canada farming—we've been talking about this for 30 years—we're going to have produce come in from other countries. I feel our standards in Canada are very strong. Our milk standards, our meat inspection standards, are all high. The quality of the product that's going to come into this country from other countries is a lot less, and the first thing is you're going to have another outbreak of sickness, I think.

Going back to the tourist industry, if you don't have the grassroots farmers, and all the land for your tourists and the beautification and so on, as they call it... I feel that with farmers you have the spinoff for veterinarians, feed salesmen, all the people who work around the industry relate back to that farmer. You close that farm up, he's done.

In my livestock broker business in the last five years, 50% of my dairy clients have closed operations. They said it wasn't feasible or profitable to keep going. They had sons involved. They couldn't afford to get into it to give their parents retirement plans.

• (0930)

So the whole industry is collapsing. I think, personally, for the beef and the pork, it's too late. The dairy industry is struggling. If we don't pick up now, in another five to 10 years we will have no industry left—that's my opinion—unless we get help with programs, grants, and interest forgiveness loans, an incentive to keep these young people on the farms and show them that there's going to be profitability at the end of the road.

That's it for me. Thank you.

The Chair: Thank you very much, Curtis. And thanks to all of you for keeping to the time.

Mr. Oulton isn't with us, but if he does happen to come along, we'll allow him to present.

We'll move into questioning.

Mr. Eyking, you have five minutes.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Mr. Brison is going to start off.

The Chair: Certainly.

Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you, and I welcome the committee to Kings—Hants and downtown Greenwich. It's like New York City compared to downtown Cheverie, where I live, but I welcome all of you here.

Each of you brings a number of important issues to the fray. These are complex issues.

I deal with trade issues typically as a member of the trade committee, so I'm dealing with things such as country-of-origin labelling in the States or defending supply management with free trade talks to the EU. So I want to start with some trade issues.

What can we do, or what should we be doing, in terms of policies to broaden and diversify markets for Atlantic Canadian agriculture? There is a real demand in places such as China for high-end produce, things like honey crisp, for example. There is a great interest in China in some of the higher margin and relatively new crops that you're producing. Is there a potential for niche marketing, high-end Atlantic Canadian agriculture in the U.S. that we're missing, that we ought to be doing more?

I'm going to lay out a few things. In terms of market access, we have two major grocery distributors in Canada. Both Loblaw's and Sobeys have one regional purchasing group in the Maritimes. We have Buy New Brunswick plans, we have Buy Nova Scotia plans, and we have Buy P.E.I. plans. Are we dividing up the Maritimes to our own detriment, and should we be working together to approach the grocery chains as one regional Buy Atlantic or Buy Maritime program? I'm hearing that from some groups we're meeting with.

I'm listing some of these things, and then you can respond in total.

On supply management, it does strike me that the supply management commodity groups have access to a reasonable income for what they're producing on an ongoing basis. This is controversial in some quarters, but should we be looking at broadening that approach to other commodity groups? Is that the kind of approach that can provide ongoing income that is predictable for farmers to receive a fair price for what they're producing?

On the land-banking issue, this is something that has come up a lot in Kings County in terms of farmers deserving a fair price for their main asset—land—when they're retiring but wanting to keep prime agricultural land in agriculture, and what's the potential federal role for that?

Finally, on research, there's a trend in agricultural research towards centralization. Would you agree that we should be actually doing more decentralization, connecting the scientists by IT and technology but keeping the research close to the farmers and the commodities affected by that research, particularly if you look at the Kentville Research Station as an example of that, as we move forward to higher margin crops and produce?

Thanks very much. I'll look forward to hearing from all of you on some of these.

• (0935)

The Chair: Who wants to respond?

Mr. Peter Elderkin: I can start.

Concerning research, it has to be regional. There is a lack of understanding between regions, as Patricia said, of how things work. Out west they really do not understand how we make a living off small acreages of anything, or small acreages of a number of things. We don't have sections of apples. We don't have sections of crops. We have 50 acres of apples and four acres of pears. We have diversity. We grow peaches. It is important that we keep the research here.

I have, over the years, been involved in probably two, three, maybe even four times, in trying to obtain a supply-managed system for fruit. Apples were in free trade before Parliament implemented free trade with the U.S. It didn't work for apples at the time. It still hasn't worked—and I don't think it has worked. There is certainly merit for a situation of supply management with an income stabilization. Income stabilization addresses the farm debt situation. There have to be other ways in there—the potential of pensions for farmers.

In my situation—and this may be a different concept in today's world—if I had a pension, I would have no problem giving my farm to my sons. Under today's existing situation, we'd have to be very careful, because when you look at the financial circumstances of my farm, I could be charged with child abuse if I did give my farm to my kids because of what I am putting them into. If we throw in a system of income stabilization, they would be able to handle their debts. With income stabilization it covers their debts, it covers their expenses, it covers the programs. It covers their access. It helps people get in there. It helps the banks know that they will be paid. If we have a program so that the retiring farmer doesn't have to worry about what he is going to do to pay his bills after he retires, he's there. He still maintains the ability. The expertise stays there.

There are little things we have to do. We have to allow the retiring farmer to put a house on the corner of his property.

● (0940)

The Chair: We are way out of time, I'm sorry.

Hon. Scott Brison: Are any of the other—

The Chair: You used three-quarters of your time up, Mr. Brison, but I'll allow somebody else to comment briefly. I'll try to be flexible here.

An hon. member: He could have your time.

Mrs. Patricia Bishop: No, there's not enough time.

An hon. member: There are so many issues.

The Chair: Please be as brief as possible.

Ms. Cammie Harbottle: I just wanted to address the issue of land, quickly. I know that's an issue in speaking with young farmers across the country. The land bank system of tenure... I can see that a problem in looking at that would be that it would be a constant draw on federal funds to pay the difference between the seller's cost and making it affordable to younger farmers. So in looking at a system or a model such as a community land trust, it would only require a certain set amount of federal funds. If it were set up regionally, for example, in Nova Scotia, the government would have to put in an initial amount of money to purchase or accumulate farms from farmers, and that could also happen through donations. As soon as those farms were able to be leased out to other farmers, there would be an income coming in, which could then be recirculated into purchasing more farms, putting them into land trusts. This would protect the land and keep it in agricultural production while making it affordable to new farmers, while paying out older farmers at a rate that would allow them to retire and possibly stay on the land as long as they wanted to.

The Chair: Thank you.

Could I just ask the members—because it's my job to see that everybody gets a chance to ask their questions—to use your time to ask pointed questions? If we could ask for pointed answers, that would allow for better use of time.

Ms. Bonsant for five minutes.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): I am going to ask my questions in French.

My trip from Ontario to here was very pleasant. This area is a bit like northern Quebec. I have noticed two things. Young people have a passion for farming, and no one wants to help them. No bank wants to lend them money. I have also noticed that older people are willing to turn over their farms, but not at any price.

Mr. Moxsom said that 10 or 15 years ago, there were a number of government programs in place. We are spoiled in Quebec, because the provincial government supports farming. Do you think that governments should have two programs, a loan guarantee program to help buy farms and a minimum income program to guarantee some stability and help young farmers overcome obstacles? If there were programs for land clearing or whatever, if young people had a decent enough income to live and not just survive, they could handle the farm, pay their debts and so on.

[*English*]

Mrs. Patricia Bishop: I'll speak to that.

Definitely, when I went to purchase our farm, we did have to work really hard at trying to find the funds to be able to come down with our down payment. It's not very easy to get that much money, to have saved that much, when you've just come out of university or a college of some kind or you've been training somewhere. It's a lot of money. If there was some way to have loans that were more accessible to young farmers, that would be extremely helpful.

When you say to live, not just survive, I very much appreciate that comment, because definitely in 25 or 30 years you can see how you can eventually live, but it is a struggle to get from now until then, to have some quality of life that is comparable to that if we were to do other things and have other kinds of businesses or work in this world.

Both of those ideas that you've suggested I think would be very helpful and useful to new entrants into agriculture.

● (0945)

Ms. Cammie Harbottle: I'd just like to add one thing to that.

I agree with what Patricia was saying. There was one thing I found particularly hard in accessing financing. I didn't have to come up with a mortgage for the land, but I did have to come up with capital for infrastructure and start-up expenses. Because I didn't own the land, even though I had a 99-year renewable lease on that land, which is as secure as ownership, no financial institution and no government program would recognize that as equity for securing a loan. So I couldn't access any other loan and had to hodge-podge together personal private loans, put out all my sources, local programs for entrepreneurs. A lot of new farmers don't own land; they're also leasing land. We have to have loan guarantees that are accessible to farmers who do not have the equity to begin with.

Mr. Peter Elderkin: My answer to that is yes, I'm very pleased to hear... Those programs would be great. I'm extremely pleased. When I say if we take it to the poverty level, that's the first step. I think it's very impressive to hear you say to live, not just to survive. That's very important.

There are methods out there to allow this. As I said before, if I knew my retirement was secure, I'd have no problem giving my farm to the kids. I have no problem preserving my farm in exchange for debt reduction or that type of thing. I've had people come and I let them use my land. I had a Korean immigrant who wanted to try to grow Korean vegetables. He asked how much I wanted for it, and I said, well, no, you can use it. I'm not using this piece this year. And I provided it for cultivation; I provided the little bit of pesticides needed.

There is cooperation out there. We do these types of things. Farmers do this type of thing for each other. We work together.

Patricia and I are on opposite ends of land preservation. Right now we're on different sides, but we both believe in the same thing, that we need to preserve the agricultural base of Canada. I'm firmly supportive that we need to save the farmer, to save the land. But as a farmer, I am not prepared to be the one to pay. Right now, we are using our equity to feed this country.

As far as the question on how we are...we do not realize how much the system in this country, with two buyers and two sellers, is costing this country now. It costs us a lot. We need to do this. Until the people pay for it, until we start subsidizing and protecting farmers, be it supply management or guaranteed income, then we will not know what it costs us. And it is costing us a lot. We need to get in there. We need to have farmers survive. There are a lot of things out there that people will do.

In my family, I'm sure if everyone had sold over the generations to the next family member, we would not be here now, in our 250th year this year.

The Chair: Thank you, Peter.

Mr. Allen, you have five minutes.

Mr. Malcolm Allen (Welland, NDP): Thank you, Chair, and thank you everyone for being here. It's interesting.

Ms. Bishop, I know you wanted to reply to one of the questions Mr. Brison asked. You seemed quite anxious to do that. So since we are in Mr. Brison's home riding, I'm willing to give the first of my five minutes to Mr. Brison's question, if you wanted to reply to that. We do want to hear fulsomely what folks are thinking.

Mrs. Patricia Bishop: Thank you.

He mentioned the question about opportunities, and I think we can definitely broaden our market opportunities. We can and we should. That's one of the reasons why it's so important that we continue to have our research here in our region, to be able to develop those opportunities and to be able to move them forward.

Also, I think there is a strong argument in the market access department that we do need to look at ourselves as a region. We are three very independent and unique provinces, but we are also a region that has a lot of similarities. So I think there's great merit in looking at ourselves as a region in terms of our marketing.

I wanted to make those couple of comments. Of course, I think that land banking and different ways of thinking about our land are incredibly critical. We have the same issue across this country, and all over our agricultural districts, around good agricultural land and how we maintain that land in those locations where they have good access to the marketplace and already have a lot of investment put into it to ensure that it remains in agricultural production. So land banking is one of the tools that we need to be seriously looking at across the country, I think.

● (0950)

Mr. Malcolm Allen: I appreciate that.

My riding is in the Niagara Peninsula, one of the premier fruit-growing regions in this country. We just about lost our research station in Vineland, which actually developed some of the finest cultivars for peaches, pears, and plums, and of course it was able to grow vinifera grapes; otherwise you wouldn't have Canadian wine in the Niagara Peninsula without that research station. It just about closed two years ago, and it took the wine industry specifically, as well as growers, to make sure it stayed. Fortunately for us, it has. So I couldn't agree more about the research price.

In talking to all of you about this chain, because you are a piece of this chain that makes food and you are primary producers that finally get it to folks like me, who purchase it...I'd like you to comment, if you can, about this chain and if there is an end price that consumers pay. Along that chain, there's a whole pile of folks who peck away at that price. Do you have some suggestions or any ideas as to how...? I've heard things about supply management, which I absolutely agree with, but are there things inside that chain that you see are really either cumbersome for you or an impediment to you becoming profitable, or that we need to look at in a way that says we need to do this differently? It seems to me that along the chain there are a lot of folks who peck away at that profitability, which should be at the primary end but it ends up in someone else's hands.

If anyone wants to kick off with that, I'd appreciate it.

Mr. Curtis Moxsom: I'd like to start on that and the milk issue part of it. We get roughly 70¢ a litre at the farm gate for our milk; that's what we get per month's pay cheque. I think we're pretty near the highest in Canada, besides Newfoundland, for milk in the stores, compared to Ontario and Quebec. Ontario and Quebec farmers get roughly the same as we do when we're in this P-5.

I may be stepping out of line, but I feel there's too much gouging going on between what we get at the farm gate and what Mrs. Retailer pays at the store. I think the stores charge a shelf space fee. The processors say they have to have x amount to market the milk and so on. I don't feel it's justifiable. We can't sell raw milk ourselves off the farm. There are marketing boards and licences and so on.

There was a court case in Ontario. Some businesses have tried to apply for a raw milk licence, and it can't be done. You can sell your vegetables and meats and produce like that at roadside markets, but you can't sell raw milk.

I feel there's a gap that needs to be tightened up between what the consumer is paying and what we're getting at the farm.

I would also like to see programs put into place, and guaranteed loans like the rest of them have spoken about, for the young farmers to get started, as I said earlier.

Going back to BSE, I don't feel the federal government has compensated the farmers that are in business or going to be in business properly for the actions that were taken in that, and for the loss of income we've suffered since 2003.

I would like to see the federal government keep supply management. I think it's worked well in the dairy sector. I understand some of the farmers in the United States are looking at it now. They envy our supply management, and that's good.

Does that answer your question, sir?

The Chair: Thank you, Mr. Allen.

Mr. Armstrong, five minutes.

Mrs. Patricia Bishop: Is that over?

Mr. Curtis Moxsom: Sorry, Pat, I took this one.

The Chair: Okay, go ahead, Mrs. Bishop.

Just to remind everybody, I'm operating under the same rules that everybody knows. There are five minutes per question and answer to get a round.

Mrs. Patricia Bishop: We all have to be faster.

The Chair: The numbers are kept for each time, so I'm not gyping anybody.

Anyway, Mrs. Bishop.

Mrs. Patricia Bishop: Well, I certainly think we have what is close to a monopoly right now with the grocery store chains. We need to work at building some kind of incentive for them, whether it's through some kind of tax...I don't know, but an incentive where the more they're able to purchase local, then there'd be an incentive from a tax perspective... I'm not sure how that would work.

It would possibly give local farmers the opportunity to set more of their prices, which would mean they would get more back, because

there is only so much the public will actually pay for a product. So the grocery stores would hopefully, possibly, have it come back. Certainly there is too much gouging going on.

If you go to an agricultural conference and you go to a Canadian produce marketing association conference, the calibre of them and the funds to be able to put both of those things on are very different. That is just completely unjust. It's just one very visible example of how things are really out of kilter.

The other thing is that we could be doing more cooperative approaches to the way we're getting food out to people—so working more with cooperatives and CSAs, but also with cooperative models of grocery stores and farmers' markets.

● (0955)

The Chair: Thank you.

Ms. Cammie Harbottle: And having provincial and federal support for agricultural marketing co-ops would give buying power to farmers without gouging the profits.

The Chair: Mr. Armstrong, five minutes.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): I want to thank you all for your presentations today. I'll try to be brief, because we're here to listen to you.

I've heard we need to have stronger access to local markets, access to capital, support for supply management, and some way to either streamline programs and put more money into income for farmers or maybe have programs that better match Atlantic Canada's. One of my questions is going to focus on that.

From an Atlantic Canadian perspective, are the current federal programs more designed for larger farms and larger operations? And does that provide challenges for young farmers in the industry in Atlantic Canada because most of our farms are smaller in nature?

I'm going to start with that.

Mrs. Erica Versteeg: What we've encountered is that most of the programs out there are more geared towards value-adding and not other things. Primary agriculture is missing from the picture.

Ms. Cammie Harbottle: I would also say, in terms of access to financing, a lot of the programs that I've come across do require higher initial capital and equity to put into the loan and are definitely geared for larger-scale farmers. You know, a \$20,000 loan to me would actually make quite a big difference in the investment I can make in infrastructure. I would say a lot of new farmers don't have that equity. I think there could be big changes in those programs.

Mr. Scott Armstrong: Great.

The other question I have is.... Peter, you mentioned—and I guess Malcolm also talked about it—there was this pecking away between when the product is produced and the product gets to the store. But you also mentioned that there is maybe a pecking away at the bureaucratic programs before the money gets through the bureaucracy and actually down to the farmer, where it was destined. Can you expand on that a bit?

Mr. Peter Elderkin: Well, I mean, every program is administered, and we have programs out there that, really, I don't feel they do a lot for us. When a program comes out with 50¢ dollars...50¢ dollars are only good to somebody who has the other 50¢.

Agriculture is in trouble. A lot of us do not have that 50¢, so we don't access the program. We need to get something in there and get it to the primary producers. If you have this 50¢ dollar, if you want to invest heavily in the business and it does question your profitability, then we need programs there to help that.

But if you have an investment... I like the concept of two programs: one, loan guarantees to allow access to it, and then let the farmers... We're very innovative people. We come up with things. As a matter of fact, we're too innovative. We're able to copy other farmers and we're probably the best industry... For example, if we see somebody making some money, we all jump in and screw the market up and overproduce. Look at blueberries and cranberries. Blueberries are just horrid now.

We need to do this. We have to realize that our marketing chain is costing us a lot of money now. When we look at this and at our food system, it's very important that you protect the primary producer. One thing we hear in our discussions on food is that we want to maintain the food supply. A lot of the arguments that are happening nowadays are aimed at protecting our choice of food. We can produce just about everything we need in this country to sustain our country, but people still want the choice. We have to get away from protecting the choice. We do not need to protect the grapefruit, the bananas, the star fruit, the stuff that's coming in. We do not need to protect that.

Supply management for all sectors would certainly be great. That would allow us, for all sectors, to import this.

We should look at Quebec and see what Quebec is doing, because they have a strong agricultural industry. I don't know exactly what they're doing. I've asked questions. I've never had the full answer. I'd love to see what the Quebec programs are. We should copy them.

• (1000)

Mrs. Patricia Bishop: I would also like to add to that. When we're talking about the future of farming, I would really love to see the future of farming not look like a whole bunch of subsidies. That is not how I want to carry on into the future. I do not want to have to sit down and spend like four weeks of my year doing paperwork to get money from the government.

So as we move forward, I'd like for us to figure out a way we can get the profitability back through the marketplace, through a system that is respectable and sensible, and away from dependency on subsidies.

Mr. Curtis Moxsom: Scott, can I make a comment to this?

Mr. Scott Armstrong: Sorry, Curtis. Go ahead.

Mr. Curtis Moxsom: Scott, you said programs. I'm going to ask, what programs? Our CAIS, our NISTA, or whatever it's called, is four years behind after you pay into it. They change the wording on it every six months in different programs. You've got to be a Philadelphia lawyer to run around and find out. Since they closed it down, there's nobody in the institutions now to come out and advise you what programs are what. They came out with a \$2 million provincial grant this spring for the beef farmer, and you've got to go apply for a loan in order to get the interest paid on that money.

It's like Peter said earlier, 50 cents is no good to you if you don't have the other 50 cents. A lot of them can't borrow this money. So there's \$2 million sitting there, and from what I was told the other day, less than a third of it has been used.

So if they're going to police it this way, last summer, for example—and then I'm going to be quiet, Larry—you were allowed \$10,000 a year for land improvement, tile draining, ponds, etc. I spoke to the representative on the 18th day of August and he said he'd be out to fill out my forms the first week of September, after I got married. On August 31 they closed the programs, with no notice. So here I was out \$10,000.

Mr. Scott Armstrong: Am I done?

The Chair: If you have a closing remark, I'll allow it.

Mr. Scott Armstrong: Between federal and provincial funding now for agriculture, is there enough money in the program, if we looked at how we could spend it differently? Would you all agree? Would there be agreement on that? Peter, you kind of alluded to that.

Mrs. Patricia Bishop: No.

Voices: No.

Mr. Peter Elderkin: If it was spent well... I don't know the total numbers. We need to see the total numbers. But it would not be expensive to guarantee incomes for agriculture if we looked at all the programs and asked the farmers what to do. A lot of times when you look at panels, there are no farmers there.

Mr. Curtis Moxsom: Can I make a comment, Larry, to this?

The Chair: Yes or no.

Mr. Curtis Moxsom: I already said no, but I want to make a statement right now.

The Chair: If you're very brief.

Mr. Curtis Moxsom: I will be very brief.

From all the farmers I've talked to in the last five years, and I've talked to a lot of them, the Canadian government is going to sell all the farmers out. They don't care any more.

The Chair: Mr. Eyking, five minutes.

Hon. Mark Eyking: We're having quite the start this morning. I appreciate everybody's frankness.

My family has a farm in Cape Breton and my brothers had supply management and I was in the vegetable business, so I've seen both sides of it and the advantages of supply management. But there are some problems in supply management. We're hearing that across the country—not as much as return on investment, but more so on young people getting into it. I think the marketing boards seem to be coming to grips with that. They have to step up to the plate. I think you're going to see some changes in the marketing board system, because they need young people coming in.

I'd like to pick up where Peter is on the apple situation. Touring across this country, we were in the Okanagan Valley and we were hearing the same thing from the orchard people there. I'm sure it's the same in the valley. It would be a lot cheaper for you or a lot more financially advisable just to sell your orchard to somebody out of Halifax and they put a few horses out there. That's what's happening in the Okanagan Valley. But they're getting the cheap apples from the States.

I think it's about time for the tree fruit industry to have some sort of supply management—at the very least, a floor price of some sort. It's going to be a shame: once we lose all those orchards, they'll never come back. The land will be used for something else.

So I think the will is there across the country, but the producers have to sit down and put it on the table. I think that needs to be done.

We also heard about provincial programs. I was surprised to hear that a lot of farmers wanted money to be going back to the provinces or the federal money being spent by the provinces. It's similar to what we do in health care: you say okay, the federal government gives the provinces money, but we expect certain criteria.

There's no doubt there is a big difference between Quebec and many of the provinces. That's why Quebec is successful and that's why they have younger farmers.

If the federal government did a system where they give the provincial governments more money, would we be pushing for more of a maritime approach to this, or would you suggest that we go with individual provinces coming out with programs? I think Patricia alluded to this, that programs should be different here from in Saskatchewan or whatever. I just wanted to go into that. What kinds of programs would you like to see if there were more money coming from the federal to the provincial? How should that be doled out?

• (1005)

Mr. Curtis Moxsom: Individual provinces?

Hon. Mark Eyking: Yes, and would it be more to debt reduction, loans, programs, expansion? Where would you want to see that?

Mr. Curtis Moxsom: On programs and debt reduction, on the interest.

Hon. Mark Eyking: That would be your solution.

Mr. Curtis Moxsom: Yes.

Ms. Cammie Harbottle: In whatever that would be, I think the committee or the government would need to be mindful of the

different scale of farming in different regions so that these would be targeted to smaller-scale farmers.

Hon. Mark Eyking: Yes, because we're seeing two different types of farmers evolving in the country: the commercial ones, and I can mention many other ones. We saw pork groups yesterday, but we also see the niche farmers. We saw many of those farmers here yesterday. So I think you would look at two different approaches to this.

Your comments, Patricia?

Mrs. Patricia Bishop: Well, I certainly think it needs to be regional. I guess I don't know. I don't know the answer. Definitely debt reduction is huge. Opportunities for investing in green infrastructure are really important.

Peter is right. When there is no money to invest but you really want to get to that place, how do you do it? Once again I come back to the profitability and marketplace dollars. Unless we get the money to be able to invest in those things, we're not going to be able to get there.

But I think it's best that the money is given regionally, and I think that regions need to decide how that needs to be distributed. We need to go back to a model where communities, groups of people in that region, make decisions about what is best for them. We are different from other places, and those other places need to be able to make decisions about how the money would be best spent in their region.

Hon. Mark Eyking: There is another program we're seeing across the country in different provinces, and it's green technologies. It's really big. We were at farms in Ontario, and we saw a lot of outstanding young farmers where their other income is from green technology. Is there enough here in the province of Nova Scotia to have incentives for young farmers, or any farmers, to get into green technology?

Mrs. Patricia Bishop: Absolutely. I think there is a lot of creativity and a lot of willingness to do things, especially around green technology. It's a matter of being able to put that into your mind and go with it, or to be able to access a fund or some sort of support system to take it off.

I am not an expert in these areas. There are people sitting right behind us who probably have more to say about that because they're probably more into it. But definitely there is a lot of willingness.

The Chair: Thank you very much.

I'll move to Mr. Hoback, for five minutes.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

First of all, you all did an excellent job today. We really appreciate your taking time out of your busy schedules to come here.

I have a couple of questions.

It's interesting that as we go across the country—I'm a farmer in Saskatchewan—there's one thing I've noticed as I've travelled throughout Canada or throughout the world. I used to work for a company where I was the marketing manager for seeding equipment in eastern and western Europe. Farmers are farmers, and they love to talk about farming. It just amazes me.

One thing I always find interesting is the definition of a family farm. Where I'm going with this is that we had an agriculture committee in Lanigan, Saskatchewan, and there was one farmer whose family farm was 24,000 acres. So how would you define a family farm? Again, quickly.

Mrs. Patricia Bishop: There are multiple definitions of a family farm, but basically I would say a family farm is a family, like a mother and a father and children. And some family farms are getting bigger, and some family farms are staying smaller. Some family farms have thousands of acres and millions of dollars of activity, while others have \$24,000 income and that's what they're happy with, and they're doing well.

Mr. Randy Hoback: Would you all agree with that?

Mr. Peter Elderkin: Oh, absolutely. I feel that the 24,000-acre farm is still a family farm if it's run by a family. If it's a corporate entity that's owned by family members, it's a family farm. If it's a corporate entity that's owned by corporation X and 27,000 shareholders, it's not a family farm.

It is not up to us to guarantee a return on investment to corporate farms. We need to be concentrating on the family farm and to work on that.

• (1010)

Mr. Randy Hoback: Okay. I want to advance from that. One of the things that was suggested in the meeting in Lanigan, which I'm referring to, are the types of programs that would help the young farmer get started, some sort of ability to make sure, for example, that the first five years they've got proper insurance in place.

One of the problems I see with loans and programs is how you keep them from becoming capitalized in the purchase price. How do I take a program and say we'll start a young farmers program and we'll give you \$200,000 interest-free? Peter, how do I know that you're not going to jack your price up by another \$200,000 because you know they've got the money? That's one of the questions.

I'm looking for solutions that would help you get started, that would get you going but wouldn't be capitalized in the purchase price. There were suggestions brought out that maybe when you're age 65 you don't get farm programs any more and if you're in the first five years of farming you get 150% of the farm programs.

Any ideas on that?

Mr. Peter Elderkin: I think it's as I said. I'm certainly willing to give my farm to my kids. When you give it away... I need security and they need security. In exchange for security, are we willing to give something up? Absolutely, some of us are. Some of us may not be. We are definitely willing to do this. And this moves on; this is the

thing. If people are out there to look at this type of thing, I think we have to encourage this type of thing. And this works only with family farms, generally.

I've heard of situations in which people own cottage properties, and as long as they keep the cottage up, they keep it. Somebody has given it to them, and they maintain it, but when they're done with it they give it to somebody else who wants it. This certainly isn't common, but we need to have something.

We need to have incentives, as in debt reduction for transition of farms, income stabilization—this type of thing. It is a major problem. We do not want to capitalize it. We do not want to put—

Mr. Randy Hoback: I'm going to cut you off there, Peter.

I want to listen to you, Erica, because you have a unique situation. You're trying to get into it. I can see the passion in your eyes. That's what it takes to get into this industry now. How could we help you without creating the other problem?

Mrs. Erica Versteeg: We don't mind seeking outside investment, which I think the industry needs. But we need to have something to offer our investors without having to give up a big share of ownership of the farm. We still want to be the main shareholder. Basically, if we're trying to balance outside investment and purchase price, we're still going to negotiate hard for that bottom dollar, because the more outside investment we seek, the more—

Mr. Randy Hoback: What is driving up that purchase price? Obviously, we're saying that the market won't return the revenues to pay off the loan. So why is the value so high? Why isn't it reflected in what's payable?

Mrs. Erica Versteeg: Why is the value so high of a farm?

Mr. Randy Hoback: Well, are you competing against housing? Why is that piece of land valued at \$4,000 an acre when it can only produce \$100 an acre in revenue? I guess what I'm trying to figure out is how the price became inflated so high.

Mrs. Erica Versteeg: In the dairy industry, it's the price of quota. It's unfortunate, but... I believe it's a good system and I don't want to part with it, but...

Mr. Randy Hoback: No, that's fair.

Mrs. Erica Versteeg: The Dairy Farmers of Canada are only now starting to look at policies to control quota price. I think it's time they did that.

The Chair: We'll stop there. Are you done?

Mr. Randy Hoback: Yes.

Ms. Cammie Harbottle: May I make a comment in response to that?

The Chair: Yes, go ahead.

Ms. Cammie Harbottle: I think we need to look at a totally different system that takes agricultural land out of the speculative property market. That way we could purchase land from older farmers and make it accessible to younger farmers, moving it through a charitable organization such as a community land trust. The older farmer would be taxed on the sale, and the younger farmer could... We don't need to own the land, necessarily, as long as we have security. A community land trust model, with a long-term lease, could give us the security without our having to own the land and could give access to people like Erica, who need access to the farming land on a long-term basis but could be paying a lease fee instead of an ownership fee.

Mr. Randy Hoback: I understand that. The concern I have with it is, to take the case of the father who is retiring, that this is his retirement, as Peter is saying.

The other concern is that they already do have that tax situation. They have their capital gains exemption of three quarters of a million dollars each. That's \$1.5 million for a husband and wife team. So it's already there.

•(1015)

Ms. Cammie Harbottle: But if that program could buy out a farmer and let that farmer live on the land...

Mrs. Patricia Bishop: I don't see how you can get around this, unless you're going to ask people to sign some kind of moral code that they're not going to abuse a program that's there, in order to make it more accessible to young entrants. As with any of what's going on, it's based on trust. And it would have to be based on trust going onward as well, with something like that.

There are programs. We have the new entry program here in Nova Scotia. It's interest relief, and it's not very much. But you could do the same thing. You could increase your price by the amount that you know a young farmer is going to get for it, and you would just have to hope that people aren't going to be that low.

The Chair: Thank you. Your time has expired.

Mr. Shipley, you have five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thanks.

I appreciate everyone's coming out. You have made some great comments and obviously have expressed some concern. With that comes some optimism also in the industry, as we have gone across Canada.

I just have a couple of questions.

Ms. Versteeg, we have Dairy Farmers of Canada—I don't know whether that covers you... I farmed. I was in dairy and I was also in the open market, so I have a bit of a concept of both sides of the marketing position. I know that in Ontario and in Quebec there has been a sort of graduated... They have capped quota; at least in Ontario they've capped it. Nothing is ever all right or all wrong. Right now there are some concerns with availability, for people who need to expand to get hold of it, because it's capped; it's not coming on the market.

The other part that is happening, and it seems to have acquired some really great traction, is a sort of graduated entry program whereby there's an allotment of quota that can go to a beginning farmer to get them started. With that, they get it for a period of time in which they have to start to pay back, but they also have to bring in and make available extra quota for them to get started. It comes to about 35 kilograms, which is about 35 cows that you can milk. Is that something that's available in Nova Scotia?

Mrs. Erica Versteeg: It will be available this August.

Mr. Bev Shipley: Do you see that as a benefit that would help in getting going? It may give some security, I guess, to your potential lenders.

Mrs. Erica Versteeg: The problem with it is that you cannot own more than 24 kilograms. So you have a maximum farm size of 36 kilograms, including the 12 that they're going to give you for five years or whatever the period is. It's too small. If you're looking to purchase a farm, you're not looking at a 24-kilogram farm. I don't want to sell or pare the farm down to make it that so that we can buy it, because that's inefficient.

Mr. Bev Shipley: One of the things we've heard, which was mentioned here and I think at every meeting we've been at, is about the concern—this is where actually federal government, or levels of government have some impact—over the regulatory process affecting whatever you are growing: apples, beef, grains, or whatever. That is our kind of regulatory process.

I had a motion that went forward and was passed by Parliament that would help to parallel some licensing. The bottom line of it all, and you've mentioned it, is that we have products that come into Canada that are what I call production management tools. They either can use a pesticide or they can use a veterinary medicine on an animal—say in the United States, because it's licensed there—that is not licensed in Canada, and yet it comes across the border and sits on the shelf in direct competition with us. I've heard this from every group as a regulatory issue that we need to help with. I would ask you, if you can, to help me move this along in any way through our bureaucracy right now. I would very much appreciate it.

In Budget 2009 we brought in a Canada Agricultural Loans Act. It was a billion dollars for five years to help beginning farmers. It could be used by cooperatives in terms of coming together. Has anyone been able to access it, or do you know about it?

Ms. Cammie Harbottle: I tried to access that program, but wasn't able to for the reason I said earlier, that I didn't own the land, that I had a lease on the land instead.

•(1020)

Mr. Bev Shipley: Does anyone else have a comment?

Mr. Curtis Moxsom: I tried to get into that program or to look at that program, but we got into financial difficulty in 2005, and no bank or lending institution would look at us, so I didn't qualify.

Mr. Bev Shipley: Erica.

Mrs. Erica Versteeg: I'm not familiar with it.

Mr. Curtis Moxsom: Bev, can I help Erica out a little on the quota thing you mentioned?

In Nova Scotia they've just started what I'd call a lottery. They're going to draw one producer a year to get this free quota. It's a lottery.

Mr. Bev Shipley: Yes, and I think in Ontario it's eight or nine.

Mr. Curtis Moxsom: So your chances are very slim.

Mr. Bev Shipley: I'm not promoting or denying the good or the value. I was just asking whether it had some value in terms of the principle, as much as anything.

How am I doing, Mr. Chair?

The Chair: You have just a few seconds.

Mr. Bev Shipley: Why don't I just leave it, and let the others. We've made up some time.

The Chair: We just finished our first round and we're going to move to some more.

I have a couple of points, one on this young dairy farmers program. The dairy industry is the only commodity group that has that program. While it may not be perfect, we're hearing from you, Erica, that it's not enough, but that's something you need to take up with the dairy farmers to possibly increase that. I guess no program is ever perfect or ever big enough, but I do give that industry credit for at least addressing that.

One other thing is about the price of quota, and that's discussed. Ontario has their own program in there to try to keep the price of quota down. I think it would be wise if the rest of the provinces did the same thing. But what I'm hearing in my own riding and throughout Ontario is that since the Dairy Farmers of Ontario have kept that quota down, what they're finding is instead of selling when they might have normally, the older generation is holding on to it now, hoping that sooner or later that cap on the quota price will go up again. That's just been pointed out to me. It's a matter of information more than anything.

Curtis, you touched on raw milk sales, and that instance in Ontario was in my riding. In fact, I know the gentleman quite well. It's an issue that probably needs recognizing, as they do in some European countries and I believe in some different states. I don't know whether you want to comment on that.

The last thing, Peter, is to you. I've farmed all my life, and I never had a pension out of agriculture either. The land I accumulated over the years is my pension. My dad's 77, and he's still got his finger in the pie, so to speak, and my youngest brother is still farming. But that's my dad's pension plan. It never crossed either of our minds to ever expect the public purse or the taxpayer to pay for a pension plan, yet you seem to be implying that. Am I correct in assuming that?

Mr. Peter Elderkin: Yes. I think farmers have to be treated as civil servants, as a necessity in our society. We need farmers. We

have to get something in there, and when I'm talking about pensions, I'm saying there are trade-offs.

As I said, I'd gladly trade a pension for a transition of the farm to my kids. This is a method of allowing transition of farms and the moving of farms from generation to generation, so that you don't—

The Chair: Are you suggesting the government own your land and—

Mr. Peter Elderkin: No, not at all. I'm suggesting that the land be available for a next generation or other people. It does not necessarily mean ownership. It may be ownership by the next generation on the farm. My sons would own the farm.

The Chair: But the taxpayer would fund your pension?

Mr. Peter Elderkin: Yes.

The Chair: Okay. Just wanted to clarify that.

Did you want to comment briefly, Curtis, on the raw milk situation?

Mr. Curtis Moxsom: I'd like to comment that it should be open in this province, if I could get a licence. I've tried to apply for a licence and I've been turned down. It's illegal to sell raw milk in the province of Nova Scotia. If I could sell my milk for \$1 to \$1.10 a litre right off the farm as raw milk, I could make an income.

Getting back to what Peter said, I'd like to see a pension too—not the government paying for it, but a return on my dollar. If I sold out right now, if my son is stupid enough to take it with the debt load, by the time the taxman took the rest of it, I've got nothing left for retirement. So I'm stuck there until I go out in a six-foot box.

• (1025)

The Chair: Thank you.

We have about six minutes left, time for one question from the opposition and one from the government side.

Mrs. Erica Versteeg: I would like to comment on a few things, if that's okay. You had directed some questions to me.

The Chair: Okay, I thought you had answered them. Very briefly, then.

Mrs. Erica Versteeg: The new intern program is a good thing. I'm not going to disagree with that. We've advocated for it for a long time, and if it helps one farmer get in each year it's a good thing.

Nova Scotia is under the same policies as Ontario. We're part of the P-5, so quota capping is happening here the same as it's happening there. I wanted to clarify that.

The Chair: Thank you, Erica.

We have time for one question and some time for the answer.

Hon. Wayne Easter (Malpeque, Lib.): Thank you for coming, folks.

I think one of the difficulties here is if you're going to fix the problem, you first have to recognize you've got one. How do we get all governments of every political stripe to recognize we have a problem at the farm gate? And I say "all".

It drives me nuts when the Minister of Agriculture gets up and says we're putting farmers first. You are in terms of the line for debt. But it also drives me just as nuts when I listen to my own Liberal Minister of Agriculture in Prince Edward Island come out of a meeting and say everything's great.

I heard Cammie on—what did she call it—community land trust. Are current programs working, and if you had the authority to implement one program, one policy, what would it be?

The Chair: You have a minute and a half, and I'm going to pre-warn you that I'll have to cut you off at that time.

Mr. Peter Elderkin: No, and I think we need an income program.

Hon. Wayne Easter: You need a what? I'm sorry, I didn't hear that.

Mr. Peter Elderkin: An income. We need a stabilized income, based on our income tax return, and that's it.

The Chair: Thanks, Peter.

Anybody else—Cammie, Patricia, Erica?

Mrs. Patricia Bishop: No, the programs aren't working.

The Chair: The question was, though, what would you suggest be in there?

Mr. Curtis Moxsom: No, the programs aren't working.

Mrs. Patricia Bishop: You said in the beginning to identify the problem. The problem is the profitability and our ability to be competitive.

So the question then is, is the program going to fix that? If the program is going to fix that, I don't know which one it is, because that's not what my expertise is.

Hon. Wayne Easter: Okay. We're not competitive, but is it because of other governments' policies, or lack of our own?

Mrs. Patricia Bishop: Yes. It's the fact that we don't have a Canadian food policy. We don't have a statement that says this is the way things are going to be with food in this country. Once we decide that a food policy is important for our nation, we can move forward, but right now we don't have that.

The Chair: Okay, thank you.

Mr. Hoback, one question.

Mr. Randy Hoback: Again, I want to thank all you guys for coming here. You did a great job.

When we look forward, do you have one suggestion you'd give this committee?

We've talked about a lot of things. Cammie, you had five different things that you wanted to highlight. Is there anything we can sum up from this? Is there anything we can take back that, first of all, is a hurdle; and second of all, would be a solution?

You said income, so maybe I'll leave you, Peter, if you don't mind, and just concentrate on the young people here.

Cammie, you can start off, if you like; and we'll finish off with you, Curtis, if that's okay.

Ms. Cammie Harbottle: I would say, again, if I had to pick one thing, it would be looking at alternative models for land tenure and affordability of land, such as community land trust.

Mr. Randy Hoback: Patricia.

Mrs. Patricia Bishop: Probably the one thing that I would work on strongly is a Canadian food policy that everyone can work collaboratively around. I think we need to cooperate and we need to decide that this is what we need to do for our farmers and for our people.

Mr. Randy Hoback: Erica.

Mrs. Erica Versteeg: I think we have to help new entrants access capital.

Mr. Curtis Moxsom: The bottom line is profitability. I think if statements were checked out regarding profit and income for most of the farms across Canada, you'd see that there has been pretty near zero profitability on these farms in the last five years.

Mr. Randy Hoback: That's one thing about profitability. When profitability is there, all of a sudden capital shows up, and all of a sudden it solves a lot of the other issues.

Thank you.

• (1030)

The Chair: Peter, did you have something to add?

Mr. Peter Elderkin: No, I agree with what has been said. It's income. That's it. Profitability or income, it's the same thing. It's supply-managed. We need a method to get a positive number on the income tax return, and then access to capital or access to land. There are a whole bunch of things that we can work in there, and the pension. If Cammie's neighbour has a pension and says "Yes, use my land", then that's fine.

Mr. Randy Hoback: There are two sides to the equation for income: there's the generation of it; and there's the reduction of costs. When I look at the costs, as I said before, if everything is getting capitalized before you even get started, you just can't get started.

When a young farmer is competing against someone your age to buy land, you have everything paid for—maybe or maybe not. The young farmer is starting off with maybe 5% or 7% equity, and we're telling them that they need 25%. Right away, they get priced right out of the marketplace, and I don't know how you level that playing field.

The Chair: Thank you, Mr. Hoback.

Thank you to all our witnesses for being here today. We know what it's like to take time out of a busy day, and we really appreciate that.

We have another slate of witnesses coming before us, so if we could please have you vacate, we'll ask the next witnesses to please come to the table right away.

Members, we'll take a few minutes and then get going again.

- _____ (Pause) _____
-
- (1040)

The Chair: Order, please.

I'd like to once again welcome our witnesses. It's a beautiful day here in Nova Scotia. I know what it's like to take half a day off and get off the farm, so to speak, but we appreciate all of you being here.

We have an even larger delegation of presenters in this half. I urge you to keep your comments to under seven minutes to leave as much time as possible for questions.

If you have a written presentation and you don't get to read all of it into the record, please give it to the clerk. It will be copied and translated and given to every member. Then at least your thoughts will be with the committee.

We'll go to Geneve Newcombe for five to seven minutes, please.

Ms. Geneve Newcombe (Nova Scotia Egg Producers): I thought, sitting at the middle of the table, I wouldn't be first.

Good morning.

I'd like to begin briefly by introducing myself. My name is Geneve Newcombe, and I'm part of a large family farm in Port Williams. If you look out from the windows, you can probably see us from here.

Our family has been farming here since 1761, and my children are the tenth generation living on the farm. Our farm is a mixed operation, with egg layers, chicken, and dairy. In addition, we have an on-farm feed mill and grow most of the crops required to feed our livestock.

My husband returned to the family farm when he was 22, after completing his degree in agriculture. Two years later we were married, and thus my farming life began. The primary reason we have been able to farm successfully and profitably is that the farm was handed down to my husband and his brother by their parents. If they had been required to purchase the farm at fair market value, we would not be enjoying the successes and growth that we've had over the past 20 years.

I mention this fact, and it has come up earlier today too, because a young person interested in farming today is at a serious financial disadvantage if they do not come from a family farm or have parents who are willing to pass the farm on to them.

One of the main challenges facing agriculture, as we've heard today, is profitability. In Canada we have minimum wages, labour standards, food safety programs, climate issues, etc. All of these contribute to our cost of production. We will never be a low-cost producing country, and thus it will always be a challenge to compete in a global marketplace.

I took the opportunity, after knowing I was coming here, to speak to my two sons. One has just finished his second year at agricultural college in engineering, and the second son will be attending university this fall. I asked them for their views on the challenges facing agriculture. They believe that one of the biggest issues is the

lack of confidence in the future. They have witnessed local hog, beef, and fruit farms disappear. I also believe that if were not for our supply-managed system, our local agriculture infrastructure would not exist today. We understand that people always need food but do not always see the value of local food. Consumers, like the rest of us, are watching their dollars and looking for cheap food.

My sons have more confidence in our farm, as we are fortunate that our commodities all operate under the supply-managed system. Supply management gives us greater stability and confidence in investing for our future. The biggest threat facing our farm at this time is the WTO talks and what impact they may have on supply management. We need to ensure that our government continues to protect all three pillars of supply management: import controls, producer pricing, and production discipline. If we lose any one of these pillars, our entire system will collapse.

When I speak to my sons about their future and whether farming may be in it, they're unsure at this time as to what role it may play. Both are interested in exploring other career options and think of the farm more as a backup plan at this time. The areas of farming that they consider positive are: they enjoy the work; they like the variety; they enjoy the opportunity to work outside and the challenges of everyday problem-solving that arise. For them, the down sides of agriculture are that there are not a lot of young people in it, the long hours, and the commitment needed. They talk about the lack of vacation. When you're in the dairy or agriculture industry, it's a 365-day a year job. It's not that on our farm we don't have employees whom we trust, but my husband, like many farmers, has the feeling that the farm can't exist without him; that's an issue sometimes. In addition, financially farming does not pay as well as many other career options that are open to them.

One area we feel the government could help with in promoting the industry and sharing ideas is to help create networking opportunities for young farmers to get together, share ideas, and visit other operations to see how they operate.

- (1045)

In conclusion, the best way to keep young farmers in the industry is to make it profitable. Farming is a lifestyle, not just an occupation, but at the end of the day you still need to make money. We do not expect our health professionals to work for free, and we cannot expect the producers of our food to do so either.

The Chair: Thank you very much, Geneve.

We now move to Danny Davison for five to seven minutes.

Mr. Danny Davison (As an Individual): Thank you, Mr. Chairman.

Good morning, committee members.

My name is Danny Davison. I'm a 39-year-old father of four, so whenever I get a chance to take part in something that's meant for young farmers, I'm happier and happier as the years go by.

I'm a beef and apple farmer from Falmouth, not too far from here. I was here earlier this morning for the first set of panellists, and in a way I feel that farmers owe a bit of an apology, in that over the past two or three decades we certainly haven't done our due diligence in informing the public and government as to the importance we feel there is in a safe local food supply. Because we haven't been diligent enough, things have gotten to the point they have reached now, which is a crisis situation, really, in my opinion.

When we look at the problems facing agriculture—I had a list before I came in and made an even longer list while the first panellists were here about all the various issues there are with respect to getting new entrants in or making farms more attractive to young people and that sort of thing—ultimately, as many people have said previously, they come down to profitability. I think the agriculture community is in a very tough situation to be trying to fix profitability without, at this point, help from somebody else, that somebody maybe being government.

I speak with more familiarity about provincial agriculture than about the federal government's role in agriculture, but certainly, speaking locally, the two-ish retailer system we have here in this province and in the Maritimes in general is a real issue in terms of getting profitability back to producers, both with respect to the amount of shelf space that is provided for local production as well as the pricing of that product, if we are lucky enough to get it on the store shelves. Ultimately, even if we have the shelf space we're dealing with any number of regions in the world that on a global scale ultimately can produce many of the same products we produce here, but at a seemingly significantly lower cost, for any number of reasons such as access to cheaper labour, maybe less-stringent restrictions on products they can use and how much they can use, and possibly government subsidies in those other countries. The profitability issue, if we could work on fixing it, would to my mind be one that would make a lot of our other issues go away.

In terms of fixing it, again at a provincial level there has been talk about a tax-rebate type of system, for retailers to promote or give rebates on the amount of local produce they have on their shelves. There's also, of course, the heavier-handed approach, which would require legislation to force them to provide a certain amount of shelf space at a certain reasonable price for local products.

On the flip side of that, getting away from the heavier-handed tactics, I think that educational pieces could help, and the provincial government in the last few years has certainly come a long way in helping the agricultural community educate consumers as to the importance and the safety of a local food supply, with programs such as Select Nova Scotia, which some of you might be familiar with.

And I think it was mentioned in the previous panel, in the questioning, that there has been a movement toward a "Brand Atlantic" type of approach, which would help that whole piece go forward on a more Maritimes, unified basis.

• (1050)

Ultimately, for me it comes down to the profitability, and other things will look after themselves.

The other thing is research is extremely important, local research. A local bug doesn't care what the climatic conditions are in B.C. or Ontario or Quebec. They live and they do their damage based on what the conditions are here. A variety of apples doesn't care what conditions are in another part of the country. They grow and they have the quality that the environment here gives them. So local research is extremely important.

I'm getting short on time, so if I think of anything else, I'll put it out in the question and answer period after. Thank you very much.

The Chair: Thanks very much, Danny.

I'll move to Mark Sawler.

Mr. Mark Sawler (As an Individual): Thanks.

My name's Mark Sawler. I'm a vegetable farmer. My father started to farm; we've been in business now for 42 years. I was brought here as a young farmer. I'm not sure I still fit that category now, because I feel I'm an old farmer.

I'm going to talk about a couple of the issues.

From what I see—if you're talking about young farmers entering or you're talking about issues to the farm—in Nova Scotia and in this region I see lots of young farmers. They've entered both through coming into existing organizations and having started their own farms.

If we're in what I call a corporate farming system, which is international trade, all the stuff moving, which is based on cheap energy, which we still have, then if we're talking of saving small farms, we're not going to save a lot of them. You're going to save a bunch of them as heritage, for people who want to support a heritage thing, which is only going to be a small portion of your population. A small portion of your population's going to be willing to pay those guys more because they're going to get a provenance value for it, right?

If you're talking about the mainstream, producing food for basically our population, you're talking about corporate farming, because that's the model out there. We're dealing with corporations. If we're not corporations, it's not going to happen.

On the issues of getting in, my father faced the same issues of getting financing to start. The best thing a young farmer can do is marry somebody who either works for the government or has a high income. My father started off the same way: "When my wife was a nurse, she brought her cheque home and it was handed out to the help, and that's how it started 40 years ago." It's no different today; it's just the same thing.

The thing about this is the scale's bigger. When he started back in 1968 he got \$12 a bag for carrots. The highest price I got this year was through a larger bag. I can tell you the costs that I pay for my help and the costs that I pay for fuel and everything has gone up.

So I can't sell 100 bags of carrots to make a living; I now have to sell 1,000 bags. If I'm not ten times as big... Now there can't be ten farms, there can be only one, so you're talking about fewer farms. Do we need a whole lot of new farms, or do we need to make the farms we have profitable? That's the first question.

If we come to say that, the second thing that's probably affected profitability as much as anything is access to market. Access to market is in two ways. One, there's been a consolidation on that retail that was extreme. Even though we only have two retailers, there will be retailers to move the distribution to one spot.

At one time we could talk with the Sobeys in this area, and they had five distribution spots. It was dealt with as almost five different businesses. When I started off I had ten to twelve options where I could sell my product; I'm now down to two or three. It's not because they have fewer retailers; it's just there are retailers who have consolidated within themselves. So I now have to be of a size to deal with that one retailer as one retailer, where before there was a natural sharing because they were spread out. There's been a consolidation, so there has to be consolidation on our side to deal with that power or it won't exist.

I buy products from farms, and I'm not going to buy a product from somebody and lose money on it. I'm not a charity. Well, they're not a charity either. Now they have come up with whatever costing they have, and everybody wants their costing and everybody will say the same thing. The reality is, the first in is going to get what's left, because nobody else is going to move it and lose money on it, right? So they're going to sell it for a price and they're going to take their money out. Whatever's left is going to go down to the bottom. If they can get a little bit more out of you, they will, because that's business.

I think we in farms think we have a pretty fractious relationship with these retailers, but my understanding is if you were a Procter & Gamble or something, you would find that relationship even more fractious, right? The reality of it is, it's business and it's life. When we come to market access we're dealing with that.

The other part of market access is because of this cheap energy we're moving in an enormous amount of choice of food. In this region here there used to be 10 to 12 or maybe 20 farms that made a living selling cabbage in the winter in the 1970s and in the 1980s. Now there are one and a half, because people are buying broccoli, and we're not growing any broccoli here. So the choices that are available to consumers are immense and they're part of what has eroded the market access or the ability to generate a pot of money. So the pot of money has to grow.

• (1055)

In my mind, we have to move into other things, and this energy one is perfect. We have to create those circumstances where we can feed this energy in and get paid for it. The microFIT and FIT stuff and those projects they've done in Ontario have to come here.

I think local research is a necessity. I've gone into value-added products, and I wouldn't be there without the support of the Kentville

research station. That has made the difference between my farm being profitable and not profitable.

The last one is that you need money to pass. Basically, our farms become our RRSPs. You don't see too many farmers sitting with a whole lot of RRSP money. Your farm is your RRSP. If you can't sell it, then you don't have any money. You have to sell it at some point. If the money is not there, it has to be sold.

They used to have a NISA program. You could actually contribute to make your own RRSP on your farm, but that's been eliminated, and we spent it all out. Now there's AgriInvest. I'm in it, but I never hear anything about that program. The response on what they're doing with that is pretty well non-existent.

I find that the argument around here over where government money goes is immense. The provincial government won't do something, because the federal government won't put any in. The federal government won't put it in unless the provincial government puts it in. We're so frigging busy arguing about who's going to put in what share that we don't do anything. Instead of spending all that time and having all those people fight about where the money should go, make a commitment to make it one pot, then go to work and spend it instead of fighting about how you're going to spend it. You create all these consultants. It all stays there. We create a whole bureaucracy to fight about how we're going to spend a few dollars. Personally, that's why, to a large extent, I've stayed out of the politics of farming, because it's a circle.

I think I'll end at that one.

The Chair: Thank you very much, Mark.

We'll now move to the Nova Scotia Fruit Growers' Association. We have Mr. Brian Boates and Dela Erinth.

Mr. Brian Boates (Past President, Nova Scotia Fruit Growers' Association): I'll begin by speaking of some of my personal experiences in farming and then I'll expand into the industry perspective, as last year I served as president of the Nova Scotia Fruit Growers' Association.

I grew up on a family farm that initially was set up to grow export apples. At that time we produced 150 acres. Today we grow 25 acres of apples and pears and we basically do value-added on all that to make our living.

In the early seventies we started a U-pick and sweet cider business. In 1995 we added a vinegar business and we now produce sweet cider, organic sweet cider, apple cider vinegar, organic apple cider vinegar, red wine vinegar, and a novel product called balsamic apple cider vinegar.

I have never had another career. I've always wanted to farm. I work with my dad. I started farming full-time in 1989. Today 60% of our production is certified organic. I'd have never gotten down that path except we wanted to make an organic apple cider vinegar and I became very interested in that. I was aided to go that route by our local research station, where we had a group of researchers and fellow growers who wanted to work together to learn how to grow organic fruit in this climate. That was really beneficial to me. I would never have gotten as far as I have today if that hadn't been available to me. A lot of the meetings actually took place over lunch, because I think some of those people probably weren't allowed to spend their time on that endeavour, their working hours, so they gave their lunch up and did that.

At this point in time, we've really shrunk our business down. And in all the innovative things we've accomplished, because we do have that reputation within the industry, the commonality has been access to our local research facility. It took a lot to learn how to make vinegar and grow organic apples, and just grow apples in general. It's really part of what I see as important to having a regional food system, and I think we can short-circuit the retailers a bit if we promote regional food to our different areas, to the people who live in them, so that they do the full strategy through the chain.

We do have distribution all over the Maritimes of the products we produce, but one of the things that has occurred to me that I didn't see coming is we can get about a 20% to 120% premium on our organic fruit. We pay for third-party certification. It costs probably \$3,000 a year, and I feel I make enough to easily pay for that certification, but now all of a sudden we've been asked to provide on-farm food safety and throw that in. I have questions about that. Furthermore, in the last ten years the Canadian Food Inspection Agency...at one point they looked at us as a cottage industry, and now they say we have to have everything to food plant standards. We've probably put in \$10,000 a year in the last five to ten years, and scratching that money up has been interesting. It's an expense ten years ago I didn't see coming. We were always reinvesting a bit, but... And I'm not being hard on food safety; I think it's very important. But it's an area I didn't see coming as to where I need to spend money.

On an industry level, we've been working together to revitalize ourselves and create a sustainable industry. Honeycrisp has been our success story, and I think will continue to be for some time. We are also working strategically to use high-value cultivars to bring our industry forward and increase our producers' return. We've also spearheaded a bio-products research chair at our local agricultural university, which has led to several exciting discoveries for apple byproducts. New cultivars have brought new challenges. Honeycrisp is a wonderful apple, but it requires a fair bit of research to get good storage and it also takes a good degree of horticultural expertise to get this working. That's another example of why we need primary production research.

• (1100)

I'm very concerned, though. We're increasing grower returns, but are we going to be able to attract new entrants? The median age of our growers is getting old now. New entrants will bring new ideas and new concepts to our industry, and that's what's needed. But if

we're not profitable, I don't feel that we can go forward as an industry and open that door.

That's basically everything I want to bring to the table today.

Thank you.

• (1105)

The Chair: Okay, thank you very much.

I now move to Mr. Buzek for five to seven minutes.

Mr. Torin Buzek (Two Sails Farm): Good morning.

In October of 2009 my wife and I bought a small farm in the Martock area, just outside of Windsor here. We had been planning since early 2007 what we wanted to do. We definitely wanted a small-scale operation. In looking at different agro-ecological models, we tended to prefer a lower external input agricultural model. We decided on a mixed, diverse farm, concentrating mainly on animal fibre, cashmere and wool, and other high-end niche products.

So far it's been pretty encouraging. We've been going now for only about five or six months, but so far the community support has been great, and we're really encouraged that there are other endeavours of similar size in the area that are actually making a go of it.

But to digress a little bit, we were really lucky that high-speed Internet was connected shortly before we moved in. It has really helped us to connect not only on a national level but also on an international level with people similar to us, and eventually it will open up a market for our product not only in North America but also in Europe. One thing about having high-speed Internet is that while a lot of the government programs are listed on government websites, we find it extremely difficult to navigate them, and most of the links are broken on both the federal and provincial websites.

The main issues we've had—which you've heard from a number of people—were start-up costs and funding. The farm we bought is a 40-acre farm. It hadn't been farmed for 10 to 15 years. So nobody viewed it as a farm. It was a barn with cleared land and an old house.

We eventually did get a residential mortgage, and I think our rate was 3.5%. We were fairly lucky. We had gone to the farm board, but a mortgage with them wasn't really doable because the payments were going to be way too high and the interest rate was too high. And any program that we found didn't really fit our model; because it was not a working farm, we couldn't have a guaranteed income we could generate with the farm in the first year. In our first year, we are estimating that we're going to make about \$25, so...

After registering the farm, we found that most of the programs were geared toward larger, well-established farms. I think we have heard that from a number of people here. It is encouraging, though, to see the increase in buy local, eat local campaigns, like Select Nova Scotia, the increased support of farmers' markets, and increased development in community-shared agriculture.

The Vice-Chair (Hon. Mark Eyking): Thank you very much.

We're moving on to Phillip Keddy.

Mr. Phillip Keddy (Western Director, Nova Scotia Young Farmers Forum): I am a member of the Nova Scotia Young Farmers Forum, but a lot of my views and what I say will come from me as a young farmer in the industry, and having a couple of friends around my age in the industry too.

I really like being part of the Nova Scotia Young Farmers Forum. As a provincial group, we try to talk to everybody and bring issues and problems from our province to the national board, then try to work together, networking to get through the problems we're facing.

I grew up on a family farm with my parents and I'm a full-time employee there now. From a young age I made a conscious decision that I loved agriculture and that I wanted to farm for the rest of my life. After university, four years ago, I came back and started farming full-time with my parents.

It's been within the last year that I've spent a lot more time in the office, kind of looking at the books and stuff, because that will have a drastic toll on my future. After sitting down with the accountant this winter and realizing that our farm last year had only generated about 3% return, that wasn't even enough money to cover the depreciation on our assets. It was really discouraging to think that at my age... I really want to have a family. I'm getting married this summer, and I want to provide the same lifestyle to my children and my family as I had growing up, and a 3% return is not going to do it.

For me to borrow the money to buy out my parents, I would struggle to even try to generate enough money to pay back that loan. My parents started with nothing, first generation, and they've put every dollar they've had into the farm, reinvesting in it, so they don't have RRSPs. The farm is their retirement and they are solely relying on me to take it over so that I can fund their retirement and our farm can continue.

One of the big problems is profitability, and it scares me, because I know I could leave the farm tomorrow, go out west, or even go down the road and drive a truck for a lot more money than I'm being paid now. But I love agriculture and I love getting up early and I love working outside. It's frustrating to feel unappreciated and kind of not understood by government and our society. They don't realize how hard we really work and the passion we have for what we do every day.

I was privileged to take part last week in the Ag Awareness program. I went into a school and read an agricultural book to a grade two class, trying to speak to the next generation. I had the opportunity to ask the class who wanted to be a farmer, and a lot of them raised their hands excitedly. But one kid to the side said, "Not me." So I asked the young kid, "Why would you say that?" and he said, "Because there's better jobs out there". I asked him what he meant by that, and he said, "There are jobs that make more money."

Our society today is money-based. They want high-paying jobs and they want low-priced goods to buy. And when our product is lined up on a shelf next to an imported product at the same or lesser price, society is going to buy the cheaper product.

I think there's a problem there. We need to start to educate our public on what we do, what we grow, and to kind of support us because they're the ones who keep us going. They have to buy our product for us to make more money.

I agree with a lot of the points made by everybody else, but that was something that really bothered me, that a kid at that age already recognized that agriculture was not a profitable industry. Children, with fresh minds, if they get something like that in their minds, they'll never change. So it bothers me.

I love farming and I want to continue farming, but there needs to be more profitability or I might as well go somewhere else and make more money to provide for my family.

• (1110)

The Chair: Phillip, what was the age of that young fellow?

Mr. Phillip Keddy: It was a grade two class; they were about seven years old.

The Chair: Wow.

Thank you very much.

We'll now move to our last presenter, Mr. Tim Ansems.

Mr. Tim Ansems (As an Individual): Thank you.

Good morning, members of the Standing Committee on Agriculture and Agri-food. I appreciate the opportunity to offer some comments concerning the topic of young farmers and the future of farming.

Let me begin by giving you a snapshot of my life. My name is Tim Ansems. I am 32 years old, and a third-generation poultry and grain farmer from Port Williams. My grandparents on my father's side immigrated with their 11 children from the Netherlands in the 1950s to a dairy farm that my father eventually turned into a tobacco and poultry farm. The tobacco is gone, but my sister still operates the original farm as a poultry operation with my father.

I grew up on a tobacco and poultry farm, and my summer memories are of the physically demanding work of transplanting, weeding, and harvesting the tobacco fields. I had the joy of cleaning the manure out of the poultry barns by shovel. I spent my university summers working for two different local farmers, one on a large-scale crop farm and the other on a small labour-intensive vegetable farm.

In my third year of university, when I was 21, I purchased turkey quota, and during my fourth year of university I purchased a 170-acre farm across the road from the original family farm. After five years of university, I obtained a degree in biosystems engineering with emphasis on agriculture from Dalhousie University. After finishing my degree in 2001, I moved to the farm that I had purchased. I purchased chicken quota and a barn in 2003, and in 2008 I built a turkey barn with a heating system that burns straw.

I have a wife, who arrived on the farm with \$30,000 in student debt. We have three children—Caelin, Russell, and Tobi.

I currently grow 25,000 turkeys a year, and 125,000 broiler chickens annually. We also crop 400 acres of wheat, corn, and soybeans, and we rent land to local potato growers.

My wife runs an online retail store—the Valley Cloth Diaper Company—and she operates that on the farm. We used to run a charitable organization—the Brochet Exchange—which provided a summer program for aboriginal youth from a remote community in northern Manitoba. I am currently chairman of the Chicken Farmers of Nova Scotia, and have been a director for the past four years.

I struggle with what to say today. I'm going to try to keep it positive. I won't spend my time stressing the importance of supply management to you today, but I still take the opportunity to let you know that it is important. Pricing control, production control, and import control are three pillars a producer needs to be successful. I stress the producer part. It's all about the producer. If you lose focus on the producer, then there is no future. If you want a future for young farmers, protect supply management.

I am fortunate to be in supply management, and most of my fellow farmers tell me life is good as a poultry farmer. However, the reality for me as a young farmer is that even with supply management, we are struggling to create a sustainable operation. I have only paid income taxes once in ten years, and that was because Angela and I both worked off-farm for income. I have my credit line maxed out, and I have a debt load of \$1.5 million. I do have assets in excess of \$2 million, but lending institutions and financial programs do not recognize our assets.

Through the use of CASS funding, which was a program for agricultural skills development a couple of years ago, we had an opportunity to work with a business consultant. After she gathered all of our financial information and learned about the industry, she wanted to know what the hell I was doing farming. Clearly, on paper, I wasn't going to survive, but what we did identify is the value that our family places on sustainability, best practices, and stewardship, values that are difficult to turn into short-term profit. Farming is not a traditional business, and very few programs or services are capable of recognizing our unique situation.

Over the past year, Angela has struggled with a health issue for which there are no services or support. We have been relying on credit cards and lines of credit to meet our basic needs of food, clothing, and shelter. Now that Angela is becoming capable of working towards recovering her business and earning an income again, we would like to consolidate our credit card debt to avoid the administrative challenges of making five high-interest payments on different days each month. However, we have not been able to find any lending institution willing to help us simplify and reduce our payments, because on paper we are credit risks. The traditional lending formula does not reflect our reality on the farm. We could sell our quota, pay off all our debt, and still live on the farm. While we may have \$2 million in assets, it's not helping us get a \$25,000 loan to simplify credit card payments.

This is where it's difficult to avoid feeling some resentment. We consider ourselves stewards of the land, and we enjoy and feel

blessed to be working in agriculture, but we also know that we are providing an essential service. We work the land and assume all the risk of food production so that members of society can devote their time to tasks outside of sustenance.

• (1115)

When we are struggling and no one is willing to help, it causes us to wonder why we continue to strive to produce safe, high-quality food for people who don't value or appreciate the importance of local food. Given the statistics and the reality of how few young farmers are entering the profession, it is clear that most people are not interested in the lifestyle of high debt, high risk, low profit. To make agriculture appealing to young farmers, this financial burden needs to be shared by all people who benefit from agriculture.

So why do I want to farm? Independence, self-reliance, innovation, education, lifestyle, experimentation, being stewards of the land, the air, the water. Here on the farm we don't like to whine. We have made the decisions and choices that have gotten us to where we are. Lots of people in different businesses make mistakes and need time to learn before they are successful. Some businesses fail. Some succeed. That's life, but if we continue to treat farmers as independent businessmen who are independently responsible for their successes, we risk losing skilled workers and local producers and we make it easy for a few large companies to assume control of our food.

To make agriculture more appealing for my family, we need financial support now. We need assistance now so we can enjoy a reasonable quality of life. We know we have assets. We know we will make money eventually, we hope. We know it is our responsibility to run a financially sound business, but we'd like to see programs that recognize the public's responsibility to agriculture. We would like to know that our customers, our shareholders, value the services we provide.

Thank you.

• (1120)

The Chair: Thank you very much, Tim, and all of you.

We'll now move into questions.

Five minutes, Mr. Eyking.

Hon. Mark Eyking: Thank you, Mr. Chairman, and thanks to everybody for coming here this morning during your busy spring schedule.

I'm splitting my time with Scott, so I'm going to try to make it quick. I'm going to ask one question, and that's to Mr. Sawler. I've known your family and operation quite well over the years, and I commend what you and your dad and the rest of your family have done for the industry.

We've talked about size of operations and the commercial aspects of it, but my question is more about when you deal with supply management. I think one of their successes is they're a stakeholder, an equal stakeholder, when they're dealing with governments and the industry. Also, we notice the Quebec farmers seem to have a united voice when they're dealing with governments, retailers, and processors.

Should Atlantic Canada farmers be speaking with a united voice, dealing with the vision we see in agriculture, when they're dealing with governments, retailers, and processors? Should there be a more united voice with a positive vision to say this is where we want to go and these are the tools we need from you to take us there in a more cooperative way, having a stronger stake in that?

Mr. Mark Sawler: I guess the short answer to that would be yes. The difficulty is in the details, of course.

I admire what Quebec does, but Quebec has this underlying belief that they want to be an independent country, and because of that they submit a little bit of their will to a common goal. The problem is the communication between provinces. Even though we are one area and we should be cooperating, we still view ourselves as a bit distinct, and to get a common voice... I don't know. We all seem to be quite individualistic. I wouldn't want to try to pick out the common voice among us, but from my point of view, yes, that has to happen. But to think there's going to be a groundswell, that you're going to get these guys together and they're going to come up with something that will sound coherent, that's probably not realistic. If you were to offer money for a particular area on the condition that people get together and work out what they need to do in that area, it could probably work.

Hon. Mark Eyking: Okay, Scott.

Hon. Scott Brison: Thank you.

We're hearing a common theme here about the importance of bottom-line profitability and we're also hearing about the importance of innovation in terms of that profitability. I'd appreciate hearing, from as many of you as want to contribute, some examples of research and local research, in terms of its impact on your profitability, your capacity to run your operation successfully.

The Chair: Ms. Erinth.

Ms. Dela Erinth (Executive Director, Nova Scotia Fruit Growers' Association): My name is Dela Erinth. I am representing the Nova Scotia Fruit Growers Association. That means predominantly apples in this province.

Without science, without scientific research and innovation, we would not be able to maintain any form of economic viability over the long term. We would be out of business. If you want to plant a new cultivar, for example the honeycrisp variety, which brings in five times the amount of a regular, traditional cultivar in this province, without science, we would not be able to grow that and sell it to the consumer as a quality product. We must have science. It

must be regional, it must be multidisciplinary, and it must relate to primary production research. It must be targeted at the grower, at the producer level. Without it, we're going to go out of business.

The Chair: Anybody else?

Mark.

Mr. Mark Sawler: If you look at the market now, the biggest growth—I'm going to talk about horticulture again—is in the convenience items. The convenience items are your bagged salads, your pre-peeled stuff. The majority of that is capital-intensive. So what has happened is this is mostly being produced in the U.S., where they can run 12 months of the year. In order for us to get into that, it's a real struggle. They're using products that they can grow 12 months of the year.

We're fortunate enough and unfortunate enough up here that we have seasonality. In order for Canadian agriculture to continue to be viable, we need to be able to extend our season with products that people want to buy. As the bar gets raised, we have to raise the quality and the convenience of what we're producing and giving to people, right? That's the reality of it.

I can give some examples, but I'm going to end there.

• (1125)

The Chair: Okay, Mr. Buzek, quickly.

Mr. Torin Buzek: I said that we were doing low external input agriculture, and by that, we've been actually going the other way and looking at farming techniques in Africa and Central America, in countries that out of necessity have to do more with less. We've actually had a number of successes with techniques that we've developed from that system of agriculture.

The Chair: Thank you.

Ms Bonsant, five minutes.

[Translation]

Ms. France Bonsant: Thank you, Mr. Chair.

Mr. Boates, I want to talk to you about your truck farm. How many varieties of apple trees do you grow on your land?

[English]

Mr. Brian Boates: I have 25.

[Translation]

Ms. France Bonsant: In my riding, there are two truck farms, and I have to say that they are doing quite well, but they have diversified their production. Other processes have been put in place. One of these farms produces ice cider with its apples and pears. The other has set up a stand where they sell pies.

Have you thought about doing secondary or tertiary processing and selling these products not just here, but outside the Maritimes, even outside Canada?

[English]

Mr. Brian Boates: Yes, I'm always looking for new products. This year we're going to do a pear wine vinegar and sell that. Actually, for one of the unique products I've developed, I have had an overseas inquiry to see if I could export it to them. I do sell at the local farmers' market in the capital.

[Translation]

Ms. France Bonsant: Farming is not doing very well in any of the provinces, whether or not people are independent farmers. The shortage of farmers is a problem, and it is sad, because we talk about food sovereignty, but we do not talk about help for agriculture.

I have been a member of the House of Commons for six years now, and nothing has happened in all that time, under any government. I think along the same lines as Mr. Eyking, even though he is not here. It seems to me that the provincial government knows what people need, but the same is not true elsewhere.

Do you think that regulating dumping by other countries would help you live, more than survive? Do you think there should be a policy on dumping by other countries that do not have the same added value we do? Could that help you survive a bit better, through labelling, a COOL program or whatever?

[English]

Mr. Brian Boates: Dumping is a problem. Certainly south of us there are a lot of apples being planted currently, in the U.S. The retailer shops the world. I always feel like when you shop the world, there's always somewhere in the world where there's going to be a bargain. How we always compete against somewhere where there's a bargain coming from is a real problem, especially in the fruit industry.

Ms. Dela Erinth: For tree fruits, for apples, dumping is a problem, internationally and domestically, in that on the west coast of Canada they have a problem with Washington State. In the east coast I perceive that there will be a problem coming if New York State is successful in getting a \$20-million-a-year replant program that is going into head-to-head competition with what's going on in Nova Scotia right now.

Furthermore, if you want to go to the international marketplace, you would think that in countries such as the United Arab Emirates, you'd be able to export apples to that country and you'd be able to bring home some kind of a profit. Well, that doesn't appear to be the case, because Washington State—and I qualify my statement when I say “dumping”—is providing Dubai with apples that are certainly substandard from what they would put into the Canadian market. They are dumping apples into that market. They have trained the public to receive those apples and to pay a lesser price for them. So exporting to a country that you would think you'd be able to get a profit out of is impossible.

• (1130)

[Translation]

Ms. France Bonsant: It is true that it is hard to compete against countries like the United States or European countries, where agriculture is heavily subsidized.

In Quebec and Canada, it is subsidized less and less. So how can we be competitive when we know that other countries are

subsidizing their farmers and here, they are being virtually left on their own?

[English]

Ms. Dela Erinth: We're not working on a level playing field.

[Translation]

Ms. France Bonsant: Exactly.

[English]

Ms. Dela Erinth: It's just not happening, and it's getting worse.

Mark, would you like to share your information?

We can see from this proposal in New York to put in a replant program that it's going to have a significant impact on us. We, as Canadians, have to decide whether we are going to respect agriculture as a service to this country—Cammie said it—and as an essential service to this country.

We don't recognize that, and if we don't, we are going to be picking it up from wherever we can get it.

The Chair: Thank you very much.

Mr. Allen, we have you for five minutes.

Mr. Malcolm Allen: Thank you, Mr. Chair, and thank you to all.

I come from a fruit-growing area. I come from the Niagara Peninsula. We also have a research station, and we just about lost it, as I was explaining this morning.

I know what growers tell me in the area. The most recent one was clingstone peaches. We lost the last cannery east of the Rocky Mountains, and we tore out clingstone peaches. Clingstone peaches, basically, are canned peaches. That's why we called them clingstone. They're easy to can. They process more easily, at the end of the day, rather than having to be handled by hand. They're almost non-existent in Niagara now. There are a few who kept them. The rest pulled them out.

Do you have a sense, because you're in fruit, of where you see the fruit industry going? I'll let you answer that. Then I'll go to Tom on what you are doing and how you are looking offshore for fewer inputs compared to what folks do in the organic sense. I'm interested in hearing something about that.

I'll let Dela and Brian do that piece first.

Ms. Dela Erinth: The Canadian tree-fruit industry—I can only speak to the tree-fruit industry—is struggling from one region to the next. I can say that in Nova Scotia we are definitely maintaining our own. We are definitely on a higher level than some of the other provinces. That's because of the concerted effort by the growers of this province to move themselves forward in a very competitive marketplace. We've lost a lot of our processing capability, which has a very negative impact on the industry. If we don't keep up with the science and technology that's going on in the rest of the world, we're going to lose that competitive advantage completely—instantly.

We must stay current and move forward all the time. To do that, we need support. We need help. We can't do it all on our own, because there's not enough profit coming back at the farm gate. More of the consumer's dollar needs to come back to the farm gate. If it does, you won't have such a problem with new entrants, because there will be a lot of new entrants if they can see that there's a way to make money and survive the way any other Canadian business can.

Mr. Brian Boates: I guess all I would add to that is that as an industry, we've been doing innovation to increase the growers' returns. But I am very concerned about increased labour, increased fuel, and increased input costs. Whether our innovation is increasing at a level that will cover those costs is a really challenging question.

•(1135)

Mr. Torin Buzek: I'll explain more about low external inputs and things we've learned mainly from third-world countries by example. We don't use a tractor, and we lower petroleum input to almost nothing. It's very much more labour-intensive. And everything on the farm tends to have a dual purpose. Our goats provide manure for our rare-breed vegetable plot. In turn, the byproducts in the vegetable plot will feed our goats. We do zero-till planting, so we don't need that tractor. It's very labour-intensive. Everything is done by hand. Basically, we're reducing things coming into the farm to almost nothing.

Mr. Malcolm Allen: Mark, you talked about what I call the convenience sell—I think you used the same term. No offence, but it's akin to going to McDonald's as a kid, when I didn't want to wait more than 45 seconds to get fed. Is this really a direction you think we should go in, as a farmer, or is this an issue that this is how we're going to have to make money as farmers, in the end? Is this really...?

I have concerns as a consumer. To be honest with you, I'm not so keen on buying a bag of salad that's travelled halfway across the North American continent to get to me, albeit in season I can get it locally for sure in Ontario.

So I'm interested in your thoughts as a primary producer. As a consumer, should I really be headed down that path, or should I be looking at doing what my mother used to do, which was to buy a head of lettuce and buy some carrots and radishes and make her own salad?

Mr. Mark Sawler: My comment was that it would be great, but you're not in the majority. You're in the minority if you're making your own. The reality is that most people are doing it. I'm not saying what they're doing is right or wrong, but the reality is they are. And if we say that it's wrong or good or that we shouldn't do it and we're going to move in the other direction and try to convince people not to do it, then we're giving up access in that market, and then the market and the revenue base for farming will be smaller.

I'm not saying whether it's for us to make money or profit, I'm just saying the revenue base or the industry size is smaller. The reality is, there are a lot of convenience products being sold in the marketplace. They are prominently displayed because that's where these retailers are making a fair amount of money. They're prominently displaying the fresh-cut fruit and the salads. And if you listen to them, that's their fastest-growing category.

So we can say all we want about whether we think it's right or wrong, but the point is, the consumers make the choices. The consumer is making that choice now.

And the question is, what do we do about it? That's a fair question, but it's there and the consumer is choosing it. That was my comment to it. And if that's what they're looking for, if that's what... If we do not produce a product the consumer wants, it doesn't matter.

The Chair: Okay, thank you, Mark.

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

Mr. Scott Armstrong: I want to thank you all for your presentations today and taking the time to be with us.

We've heard several recurring themes throughout the day—access to capital, profitability, protection of supply management, access to markets—but one of the things that was emphasized in this session was research. I think you brought it up first, Danny, so I'll give you the first chance to comment and then I'll put it out to others.

Looking at expansion of markets, protection of our local food, and maybe expanding into new products, do you believe that the continued support of the Kentville Agricultural Research Station and the Nova Scotia Agricultural College and other federal and provincial investments in research in this area is pivotal as we move to the future of farming in Nova Scotia?

Mr. Danny Davison: Yes, thanks for the question.

Absolutely. Dela and Brian are probably a little closer these days to the research that goes on at the research station in Kentville, especially Dela as the representative of the Fruit Growers' Association. But as a producer, again I always hearken back to the profitability issue. If part of profitability is keeping your input costs under control on the farm, a very important part of that in the apple industry, which is one of the things we do on our farm, is knowing the rates of what products at what time for what insect, pathogen, fungus, or whatever is going to do the job to allow you to produce the quality of fruit that you can eventually sell at a reasonable price, wherever your market is.

I know certainly in the past, and I'm sure currently, at the research station in Kentville, the information that has come out of Kentville in terms of rates and types of product, and all those sorts of things has been very important. If that helps maintain the profitability on the farm by reducing some of your costs, then it's absolutely important. Whether it's out of Kentville, the Nova Scotia Agricultural College, Nappan, or whatever local station, yes, it's very important.

•(1140)

Mr. Scott Armstrong: Does anyone else want to comment on that?

Mr. Phillip Keddy: I'll comment on that.

On our farm we grow certified nursery plants and we work very closely with the Kentville Research Station, especially Andrew Jamieson, their plant breeder. Over the years, Kentville has had quite a few very successful varieties, which we still now grow in our certified fields. Kentville has done very well breeding new strains of strawberry plants to fit our Atlantic climate. We kind of need them in this area because plants that do well here don't necessarily do well out west or on the west coast. We need to be close to our research facility so it can work with the farmers in this area to help our fruit industry and help to generate more money in that way. Over the years, they've got royalties on these plants, which is a way of kind of putting money back into the system, not solely relying on government but kind of self-sustaining. I see that as a very positive way to keep the money going in that direction.

Mr. Scott Armstrong: Thank you.

I think it was Mr. Davison who talked about a tax rebate system. Can you expand a bit on that, the potential that lies there for us?

Mr. Danny Davison: Yes. I wouldn't be very good at articulating probably exactly how it would work, but I know the idea has been floated. I'm involved in the provincial Federation of Agriculture, and I know the idea has been floated. We had a three-year or four-year process that ended this past year. It was originated by Kelco Consulting in Kentville, a study that looked at how to get a reasonable rate of return back to primary production. The idea that it was originally based on was some kind of a levy at the retail level. I think it started with pork and maybe some involvement in beef and apples.

It was only going to be a matter of a few cents on the retail price that would have meant a large sum of money that could have been returned to primary producers. Of course, whenever you talk about levy, tax, or whatever, it gets bogged down at the higher levels, political levels, because it is very unpopular, obviously, to raise any taxes.

The flip side of that was this idea of some kind of a rebate to retailers, so for every pound or kilogram of product that they had on their store shelves and that they sold, the provincial government—again I'm more familiar with provincial politics than federal—there'd be some sort of a rebate of the tax back to the retailer to make it more encouraging for them to do it. At the same time, the economic activity within the province in rural Nova Scotia, in terms of more food production and more local produce being sold, would generate, hopefully, an equal or greater amount of tax revenue for the province so that it would be more palatable than the food levy type of system the discussion started out with.

Either way, whatever the system turned out to be, I think ultimately it's very important to get more money back to primary producers.

The Chair: Thank you, Mr. Armstrong.

We'll now move to Mr. Easter for five minutes.

Hon. Wayne Easter: Thank you, Mr. Chair, and thank you folks for coming.

First in the research area, like much of agriculture programming, we went to basically a national system. You have a micro-climate here. Private industry is doing its own research for its own profit in

most cases, and targets most of their research for midwest United States, so that's not going to do either me in P.E.I. or you much good, especially in the micro-climate you have here.

What's happening with research? In many areas we're seeing attrition take the old researchers out, and they're not being replaced. What's happening with research here in Kentville?

• (1145)

Ms. Dela Erinth: Perhaps I can answer that.

Canada has decimated the research system over the last ten years. If you read the Auditor General's report, which I'm sure you have, you will know the same story, and we agree with that story. We are extremely concerned about succession planning at the Kentville station. As I've said twice already, without the Kentville station, Nova Scotia's agriculture, especially the horticulture sector, is out of business, and that won't take very long. We have had some encouraging communication with the research centre recently. They've set up what they call a RRUM, which is like an advisory committee to the station. This is an encouraging communication effort on their part. They are saying that the station will stay. We are not totally convinced that this is the case.

Hon. Wayne Easter: I think a lot of it is spin to cover their asses, to put it bluntly.

Ms. Dela Erinth: Unfortunately, we have experienced, over the last number of years, talk and not the same action. It doesn't happen at ground level, as it's said at the 40,000-foot level.

Hon. Wayne Easter: Has any research been done for the long term? What I'm finding in the research area is that because we're looking at matching dollars from the corporate sector, it's short-term research, with a five- to six-year timeframe on which they can return profits on their investment. We used to do discovery research 10 to 20 years out. Is that happening?

Ms. Dela Erinth: It's the McDonald's effect. Everything has to be done in 45 seconds or two years. That's not good enough. We need to have long-term research. We need to have primary production research re-established. It has to be multidisciplinary and it has to be regional, because you can't expect to have apples that have been developed on the west coast grow perfectly well on the east coast. We don't have the same climate conditions; our environment is different.

Hon. Wayne Easter: I have one other question I want to get in.

I think it was you, Brian, who said you are asked to provide on-farm food safety. CFIA is now asking you to move up to food plant standards. What we're finding in Canada is that we're being asked to meet standards when, as somebody else mentioned earlier, we're competing against lower wages or cheap labour and lower environmental standards around the world. I would suggest that our corporate concentration at the retail level in this country is such that they, with their Walmart-like depots now, are using the lower environmental standards and lower wage costs elsewhere around the world to lever our prices down or to shut us out of the market altogether.

I'd ask you to comment on that, because we have to decide in this country whether we want farmers or not, and that decision has to be made collectively—federally and provincially. Every government of every political stripe, in my view, at the moment, federally and provincially, is just as bad as the other. There's no federal leadership, from my point of view.

So what can we do in that area to change that factor? We're not going to have a farming community left; it's that simple. We've seen what happened to hogs and beef in this area.

Mr. Brian Boates: Just quickly, when I came home and looked at the operation, it seemed to me that value added was the way to go, and there was a lot of encouragement to do that. But once I had done that, this whole increased food safety thing came out of the blue at me. I knew it was coming, but if you are looking for areas to help farmers, that would be one for me.

On the one hand, I have a very modern processing set-up on my farm, yet on the other side of my operation, I'm farming with 30-year-plus machinery that I inherited from my father. So there's no balance there, in having a modern processing plant and totally antiquated machinery.

• (1150)

The Chair: Thank you, Brian.

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

Mr. Randy Hoback: Thank you, Chair.

Actually, I'm going to build on Mr. Easter's question on the provincial side and look at provincial initiatives. Are there any provincial initiatives that you guys have participated in or helped to develop that you think would be beneficial for us to look at on the federal side?

Mr. Danny Davison: Yes, there are several programs in the province that are valuable to producers and are cost-shared federally and provincially. Again, while I don't know as much about what the requirements are on the federal side, I would say that if there's any flexibility or any leniency to allow the federal government to give more money to provinces, as I think was mentioned to the panel this morning, and allow the provinces to decide how that money is going to be spent.... I think it was mentioned that may be similar to the health care system. I say this because I think that within the province there are a lot of people who have a pretty good idea and maybe have closer ties to where money needs to go to help the province move forward—or maybe, as someone mentioned here, multiple provinces, the Atlantic region or maritime region.

So I think, yes, there are a lot of good programs, and it would be very beneficial if the federal government—

Mr. Randy Hoback: I'm trying to get into more specific programs, though. Is there anything specific that you can talk about in terms of provincial initiatives here?

Mr. Danny Davison: I'll just mention one. There's a farm investment fund. Certain portions of that are cost-shared. I might be wrong a bit on the details, but the federal government allows its funding to go to things such as on-farm food safety. There is a little bit of leniency for succession planning and things like that.

Mr. Randy Hoback: That's federal funding, though. Is there any provincial funding in that?

Mr. Danny Davison: Yes, there's federal and provincial funding. They go together on those things. And then there are other parts of the program that only the province funds and the federal government won't fund, such as land development, that sort of thing.

So the answer to your question is yes, and it's things like, in my opinion, the farm investment fund.

Mr. Tim Ansems: Provincially, as Danny had mentioned, there's the farm investment fund. When I got into the turkey industry ten years ago, there was interest forgiveness on my loan. As was mentioned earlier as well, it was pretty minimal to the amount of money that I had to borrow. The interest forgiveness was sort of, "Good job, Tim; well done." Financially speaking, it didn't really help much. It's appreciated, but...

The federal program that I really liked a couple of years ago was the options program, which Peter mentioned earlier. It brought my family income up to the poverty line.

Mr. Mark Sawler: The program that I think has made quite an impact on our farm, and maybe on the region, has been Select Nova Scotia, or the promotion of local consumption of product. It has grown the market and has allowed that.

I've seen a dramatic change in the attitude of the people I sell to and in the consumers, which has had a dramatically positive effect on my farm in the last three years. It corresponded with the start of Select Nova Scotia, but it may have been related to other factors in the environment, such as the 100-mile diet and all that kind of stuff. I think that is a real capitalization.

Here, a lot of farms are sized to the local area. We're not huge exporters of food, except maybe fish and a few things like that. But for the horticultural industry, barring those two or three exceptions—apples and blueberries—where most of it is consumed in Atlantic Canada, Select Nova Scotia has helped us who sell to the Atlantic region.

Mr. Randy Hoback: As you look forward, are there any policies or programs that you see coming out of the existing government that you think are going to be beneficial, that you're working on at this point in time with them?

Mr. Mark Sawler: I don't have an answer to that question. I just know that program has helped, and I would hope there'd be continued support.

It's hard to keep one of those things fresh, right? They start out and have a little bit of initial impact, but how do you keep them fresh and all that kind of stuff? That's sort of beyond my expertise, but I'm hopeful.

• (1155)

The Chair: Go ahead, Danny.

Mr. Danny Davison: In response to Randy's last comment about future programs, actually Shelly Manning is over here, and she could correct me, but we're currently in the four- or five-year stage of the suite of agricultural programs, and I think negotiations are under way for what the next set of agricultural policy framework programs will be. For this region, flexibility within those programs would be very important.

The Chair: Thanks, Randy.

Mr. Brison, you had a comment in regard to this. You have 30 seconds.

Hon. Scott Brison: Yes. We heard earlier about the potential in clean energy, the potential for farmers to produce clean energy. Do you have any comment on the environment we have in Nova Scotia to sell clean energy, compared to some other jurisdictions? In Ontario, you can get more per kilowatt hour for alternative energy, plus you can actually make a profit on your operation through feed-in tariffs, as opposed to the net metering that we have in Nova Scotia. I'd be very interested in your views on to what extent we need to reform that energy system.

The Chair: Yes or no.

Mr. Brison, that was to be a comment, not a question. It's coming out Mr. Shipley's time.

Mr. Tim Ansems: Yes, I think there's an opportunity to produce green energy, but Nova Scotia Power has the transmission locked up. Within this municipality, I don't even believe we can put up wind turbines. So we have bureaucracy at each level that makes it cost-prohibitive or time-prohibitive to get on clean energy.

The Chair: Okay. Thank you.

Just on that, when you say you can't put them up, is it all on the bureaucratic side? Or is it on the NIMBY side, not in my backyard?

Mr. Tim Ansems: It probably depends on your location. I believe I have enough land area in my area to be able to put them up. NIMBY always doesn't look aesthetically pleasing, yadda yadda yadda.

I mean, give me a break, people. Oil is going to go up and you need to open your eyes and realize that we need to be self-sufficient in this country sooner rather than later. As Mr. Easter had said, we need to decide now whether we want to produce food or rely on others.

The Chair: Okay. In my province of Ontario, the same people who say they want green energy are the same ones who don't want it near them.

Mr. Shipley, five minutes.

Mr. Bev Shipley: Thank you.

Just on the energy issue, farmers have always been and will always be the best stewards of the land. There's no doubt about that. When we get to Ontario, though—this is just to Mr. Brison—quite honestly, it sounds good, but agriculture is being disadvantaged in terms of green energy, in terms of off-farm, other than you can rent the land and they'll put a tower up.

In terms of having a farm produce green energy to biogas digesters, agriculture has been very disadvantaged, and that's

something we need to work on so that we can get the same rate per kilowatt hour as they do for solar and for wind.

I'm going to get to the basics. What are the main three components federally that we need to do to make it profitable? I just want to touch on the research, because I'm a great believer in research and science as long as the development part comes with it. I think the change that has happened... I know the AG's report took us up to 2008. I'm on the public accounts committee, and one of the things it didn't talk about was what has happened since.

We've tried to decentralize. About \$26 million has gone out to the area to help get some of those regional research stations going again. I agree. For those who have had the opportunity to travel from west to east, you have to understand the complexities of the country, the complexities of agriculture, all the things that come with it.

I'm hoping that in fact there is a move to do it. It's a difficult one to start to decentralize again, but we do have to bring in the partners. We were at Guelph University. They talk very much about the partnerships that they have now in terms of developing some of the research.

I'm hoping that there is hope in terms of getting more of the research for development. Mark, you made some incredible...all of you did. We have a great country where these niche markets are important, but we're also recognizing that likely 85% of the products are produced by 15% of the producers.

We have a diversity. What are the three main things that the federal government can do to help bring profitability? That's the main thing. What do we need to do? Just start, because this is where we're actually going to start to come up with some recommendations.

• (1200)

The Chair: You just have a couple of minutes left. The question was what can we do to basically help that profitability.

Do you want to start, Danny?

Mr. Danny Davison: I think there are two right off the bat: protect supply management—be as proud of that system as we are of the banking system—and help us educate the consumer, because we've put ourselves at a disadvantage in doing that by ourselves. And get the agriculture minister to wear a big cowboy hat.

Some hon. members: Oh, oh!

Mr. Danny Davison: I don't know if it's policy for him, but he should just wear a cowboy hat.

The Chair: Order, please.

Mark.

Mr. Mark Sawler: I think we have to look at the convenience side of the food and we have to continue to move our products that are more accepted to what the consumer wants to buy right now. I go to these marketing things, and the consumers want to buy time, health... Foods as a substance is way low. The money is in the time and the health.

For instance, I've just recently introduced the turnip stick product. I wouldn't have been able to do it without some post-harvest help from the research station, by taking stuff in and doing some shelf-life testing on that and things like that. There was not a lot of work on their part, but it was necessary to be able to have that at arm's length, to be able to do it and to have that scientific ability there, the support. To me, it's important that we have some level of product development support.

The Chair: Thank you.

One last comment on this. Anybody?

Ms. Dela Erinth: Ensure that more of the consumer's food dollar goes directly into the pocket of the grower.

Mr. Mark Sawler: They were talking about the tax on the consumer to support farmers. Maybe we could take the tax that the retailers have on us and the rebate programs off, and maybe then leave a bit more of it here, instead of...

The Chair: Okay.

Thank you very much, to all of you. It was a great panel.

As always, we're short of time. We have to be on a bus in slightly less than ten minutes. There was a lot of discussion, especially at this

last panel, about research, and that is our first tour stop this afternoon. We're going to the research centre at Kentville, and I'm very much looking forward to it.

I have one comment—and nobody has time to answer this. On the Competition Bureau, we talk about profitability. The grocery industry at the retail level has always been one of my pet peeves. I think there's too much control there, and you could probably carry that down through the supply chain, the packers and what have you.

I left a card there, if anyone has any comments on the Competition Bureau. I'm of the belief that, number one, perhaps it doesn't have enough tools to do the job. And secondly, I don't think it's using the tools it does have to the degree it should. So if you have any comments on how the Competition Bureau could be reconstructed or re-mandated to help in this, I'd like to hear more on that. You can send them either to me or the clerk. I would appreciate that.

Again, thank you very much, to all of you, for being here, for taking time out on a nice day. All the best to you in your agricultural endeavours. I appreciated having you here.

Thanks very much.

The meeting is adjourned.

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