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Chair

Mr. Larry Miller

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•(0855)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): Could we have our committee members and our witnesses come to the table, please?

I call this meeting to order. It's great to be here in P.E.I. on the last leg of our cross-country tour studying the future of agriculture. I'd like to thank all of you witnesses for being here this morning. As a farmer myself, I know what it's like to take a day off, or part of a day, but this is very important and it's nice to be able to hear from you.

We've got seven presenters this morning. We have not nearly as many witnesses in the second half, so if it's okay with the committee, I may extend this session by ten minutes, if we could have that flexibility.

I ask our presenters to keep their opening remarks somewhere between five and seven minutes. I'll be flexible if I think you're winding up, but at the five-minute mark I'll give you a sign that you have two minutes left.

If you have written remarks that you aren't able to totally read in, could you please give them to Isabelle, the clerk, afterwards? Every committee member will get a copy of them, so you'll still have your presentation.

With no further ado, we're going to move to Morgan Smallman.

•(0900)

Mr. Morgan Smallman (As an Individual): I'll break the ice. I'm Morgan Smallman.

Just before I begin, I have one question that I want to ask. This is from my point of view. I want to know why May has been the time chosen to hear stories and arguments on the future of agriculture. I ask this because springtime is the preparation and planting period. It is a critical time for seeding, which will reflect on how our crops perform throughout the rest of the season. I bring this up because I believe Canada is becoming more and more removed from agriculture.

I come from a family farm in rural western P.E.I., which is currently operated by my father, my uncle, and my grandmother. The farm has been in my family for over 125 years, and we've always had a combination of crops and livestock. Over the years the family farm has become more concentrated on growing hogs and wheat to feed the hogs, as well as potatoes for the table market and processing.

Our farm operated like this for over 20 years, each year tolerating new rules and regulations that Canadian policies have enforced upon

us. I've always had an interest in agriculture, in particular farming. I've watched my father care for livestock and tend the crops. He taught me a lot of lessons that I will carry with me for the rest of my life, lessons I had hoped to be using to continue the family farm.

Knowing that agriculture is an industry that is moving forward in technology and becoming more like a business, I decided to continue my education after I graduated from high school, and I attended the Nova Scotia Agricultural College. I took a bachelor of science in agricultural economics, and my thoughts were that these new skills that I would obtain would help me to bring a younger and more modern view to our family farm. Unfortunately, the farm got smaller, and with the closing of the hog plant on P.E.I., our family felt it wasn't feasible to pay freight to haul our hogs to Nova Scotia, since the price for hogs is so low, so the mixed operation that the family had operated for years is now a cash crop operation relying on potatoes and grains.

That's the history. Now here's the problem. I'm 23 years old. I've been to university. I carry a debt load from tuition, and I want to farm. How many young people do you hear saying that? This all sounds great, I know, but how many are going to finance a 23-year-old to purchase a farming operation consisting of land, machinery, buildings, and of course its own debt? Let me just remind you that we are talking about a 23-year-old with no collateral, who is already carrying a significant amount of debt.

My family has worked hard to build this business as well as it could, and it deserves a fair price for the hardships it's gone through to do so. The trouble, as I alluded to before, is I can't afford to assume the risk, or even pay for this today, especially with the uncertainty in the markets for our industry.

We, as young farmers, need help. We want to produce food for the rest of the country, for our friends, our families, and our neighbours to consume, food that we know is safe, food that we know. Why can't there be a program encouraging young farmers like me and others in this room to help us to get into an industry that can support a country? What if instead of spending money on transporting food from other countries we invested that money in our own agriculture to help make it feasible? Why can't there be stronger risk management programs for young farmers—low or no-interest loans would even be a help—to make it so that we can do what we love to do?

Farmers are investors. They can't hold onto money. Farmers help keep the economy going. They're always looking for ways to better their operations, whether that be in new equipment, a facelift on some of the older buildings, a new truck, and the list goes on. In P.E.I. in particular, agriculture supports a lot of people. I've heard it said countless times—and I believe it is true—that when farmers are hurting, everyone is hurting.

Thank you for listening to my story.

The Chair: Thank you very much, Morgan.

Regarding your question about travelling, as a farmer, I guess I'd always say unless it's the first week of January, no time is a good time. This committee, in the almost six years I've been in Ottawa, has never travelled out and met with farmers. We recognize the fact that it is seeding time and it is calving time, but we thought it was much easier. A young fellow told us yesterday in Nova Scotia that he questioned whether he could even take the time off to come yesterday, but he said he definitely could not have come if it had been in Ottawa. I know it is never perfect, but we wanted to come to you anyway.

Our next witness is Gerard Mol, for five to seven minutes.

● (0905)

Mr. Gerard Mol (As an Individual): My name is Gerard Mol. I immigrated from Holland 23 years ago with my father. We started out with a potato farm. We've been diversifying a bit over the last eight to ten years, and we started growing canola, corn, soybeans, flax, different commodities.

We bought a machine to make fuel, to start threshing for the canola oil for fuel and for human consumption. I didn't get there yet for human consumption, but we'll try to get there. We also export canola to Japan and we're going to have different crops starting after this year to also export to Japan. We're doing some research on four or five different crops. That's a little bit of background there.

I came here when I was 17, basically. We started to invest right away and, what Morgan just said, started to farm a little bit. I went to Farm Credit; at that time they wouldn't look at me. LDC at that time wouldn't look at me. Anyway, the guy that sold me the land was willing to lend me the money for the year, and that's how I started it, kind of on my own a little bit. Anyway, there is opportunity, but the thing is that was 23 years ago, and that's changed.

I'm glad to have the opportunity to speak to you today, and I also have a time issue. I'm busy in the fields and all that stuff.

Agriculture to P.E.I. is like the cod fishery was to Newfoundland, I find. We all know what happened to Newfoundland—the cod left and Newfoundland was in trouble. I think it's the same idea with agriculture here in P.E.I. When agriculture leaves P.E.I., we'll have nothing left, and that's a serious issue. I think we're not too far away from that. We have to give a look a little bit of how we can avoid that, of course. I think we are already too far away from turning the wheels 100% back, but maybe we can.

What happens is it's really becoming a global market out there, and that's an issue. We are an exporter province, and we lost markets due to political issues, transportation issues, and also other people didn't know how to farm, more or less.

This takes a lot of adapting to the marketplace for farmers. We can't find markets for our products like we used to. I never expected to become an exporter in certain things. I thought I would a farm. But I think this is what we are heading into. Food safety becomes a big market issue. We as farmers produced safe foods for a hundred years, and also still now, so I find that is a big issue. Why put extra cost on some of the shoulders of the farmers?

We have an investor program now. It used to be CAIS before. As a farmer, I don't like to use these programs. Give me cost of production plus a little bit more to survive and I'll be happy. But in the last couple of years, every farmer had high hopes that some money can come out of these payment programs to stay in business. I really think the program is not great, but the thing is, it's great that the government is willing to help. But this program is not working. We have an Olympic average. I think that is something that's got to be thrown out. Maybe I'm wrong on that; maybe some people can say that.

I diversified my farm over the last eight, nine, ten years, and it seems to be the more I did to diversify, the less I was getting out of this program. It's not because I am making money on this diversification, but I'm just below the profit level, and whenever you have a sliding number of profit, then you can't get any money out of it. So the Olympic average is working and the cost of fertilizer spray and seed is all going up. The highs and the lows are not there any more, so there is no payout any more.

That's that, and I have a couple of other points I would like to mention.

● (0910)

The U.S. dollar is a big issue, and the euro right now. McCain is bringing french fries into North America now from Europe, because of the U.S. dollar.

Food safety—GMOs is an issue. I don't know how we can tackle some of these things, but I think we should have a look at some of this stuff. Seed production is also in the control of some of these high, big companies, and I think it's got to go more into the farmers' hands.

I'll leave it at this, and maybe you'd like to get discussions going afterwards and see what we can do.

The Chair: Thank you very much, Gerard.

We'll move to Raymond Loo.

Mr. Raymond Loo (As an Individual): I'd like to thank everyone for giving me the opportunity to come here and speak today too. We work fairly closely together on a lot of what Gerard was just talking about, shipping internationally and so on.

I'm an organic farmer. I'm the sixth generation on my mother's side on the farm, so we've been there for quite a little while. My father came over from Holland and bought very much into the whole green revolution and cut out all the hedgerows and so on. Now we're putting the hedgerows back in, so it's funny how things go around.

We've seen in the last few years that the organic industry is growing quite rapidly. We're finding a lot of new markets and new opportunities. But one of the things that has been quite a big challenge for us is the Canadian standards, because in the United States they have equivalency already with Japan. They are working with equivalency with the EU and it gives them quite a big advantage shipping-wise. We still have to pay an extra \$1,000 roughly for our farm to get the Japanese agriculture standard, whereas in the United States they pay \$50 from a farm. So it's a big difference.

The whole GMO issue is also a big issue from an organic perspective, but also from a conventional perspective, because we're shipping non-GMO conventionally grown canola to Japan, which Gerard's growing and a whole bunch of other farmers here are growing in P.E.I.

We need to recognize whose interests are being served by the genetically modified crops, whether it's actually the farmers' interests that are being served or whether it's the corporate interests of the companies that are actually producing the seed.

I just want to relate an issue that really hit me last fall. I went to a whole bunch of countries in Europe, but I was in Denmark dealing with a feed company there and it was a shocking thing for me when I sat down talking to a lady in Tvis and she said she didn't want to put "Product of Canada" on. They're buying their organic soybean from China right now. She was worried about putting "Product of Canada" on the label, because she thought it was going to be hard for them to sell it, because Canada has got such a bad reputation from the environment, she said, and from GMO contamination. I was over there talking about selling non-GMO canola meal and non-GMO organic soybean.

I've gone down to Wayne Easter's office and got the Canada flags. I've got them stuck all over my luggage. That's the first time I've ever had someone look at me and think it was better to get it from China than it was to get from Canada to be able to sell their product. That was a real wake-up call for me.

I had to explain I'm coming from an island on the east coast of Canada, that we have a large non-GMO capability here, and so on. It's just something to keep in mind international-trade-wise. Everyone's heard about the flax issues and so on. It's quite a big issue.

Some of the things we need to do to trade... Farmers are constantly challenged. We've been producing for a long time, and not necessarily working as hard in the marketplace. We've been counting on other people to market our products after we produce them, and I think as farmers we have to do a better job of marketing our products ourselves.

We've gotten a lot of assistance from the provincial government here to go to trade shows in Japan. I've been back and forth six times, I guess, to the FOODEX show, and I would say a lot of the federal programs are not really geared to help the farmers necessarily. They're more for the companies and so on. Maybe they don't expect individual farmers to go and try to sell their stuff directly to consumers, but I see that as an opportunity for us to be able to do a much better job of that.

What we're doing is profiling all the farmers, telling the story. If you buy a bottle of jam in Japan, we can trace that right back to the farmer and we can profile the farmer's family and we've got that on a website so people can actually see the family. So we're wanting to connect and we want the consumers to actually realize when they buy something they're helping an individual farmer at this end.

We can do the same thing with the canola and with all the different crops, because we have the capability to do the traceability now. But from our perspective, as farmers, it's all new for us.

I'm much more interested in having a discussion. I'm not going to talk here a long time. If I liked to preach I would have been a minister. I would sooner have questions and answers afterwards, so I'll pass it on for someone else.

● (0915)

The Chair: Thank you very much.

We'll now move to the National Farmers Union, and I guess Sally Bernard is going to do the presentation. Seven minutes, please.

Mrs. Sally Bernard (Youth District Director, National Farmers Union): Good morning. Here I am. I'm your girl. I'm 27, I'm a woman, and I'm a farmer. I'm a rare find, because I'm a farmer in a growing sector, not a shrinking one. I help to manage a 550-acre organic grain farm. We also produce organic lamb and chicken. I'm proud of how we manage our soil and I'm confident that we're doing things the right way.

You've come a long way to find her, but here I am. I'm a farmer and I'm proud of it. As the youth district director of the National Farmers Union on P.E.I., I'm here representing our concerned young farmers, and at first glance that probably appears to be my primary role. I would argue, though, that my role as a mother in a farming family is perhaps more valuable in this circumstance. More so with agriculture than any other career, farming parents hope to build a legacy and a business they can pass on to their children, in the hopes of allowing them to raise a family and make a living on the land that has been so vigilantly cared for, for generations before them.

Even in a growing sector like organic grains, my family is increasingly uncertain about the likelihood of having anything to pass on at all. So as a young farmer, it is difficult to get excited about spending my life building a company that no one will want to take over or even buy.

As Canadians grow more and more dependent on imported, cheaply produced food, our agricultural community here at home is taking a bigger hit every day. With truly sustainable agriculture relying on a systems approach, such as grain produced for animal feed relies on fertilizer from those animals, once one component of the cycle is gone, the entire community collapses. Unfortunately, that's exactly what we're seeing now. Conceivably, it seems that current policy would suggest getting rid of the commodities that are not making money, and focusing resources on those that are profitable, bigger, or newer. Admittedly, this might seem like a wise fiscal move, but it is laughable in the logic of the cycle of sustainable food production.

Until the recognition of the importance of every aspect of farming is accepted by everyone in positions of authority, Canadian agriculture will continue to decline at an increasing rate, and this decline is directly proportional to the rate at which we will continue to lose young farmers and fail to attract new ones.

However—and here comes the solution—very recently the NFU began working on a project to look at the development of a domestic fair trade system within Canada. After a series of consultations with various stakeholders within food production, including retailers, marketers, chefs, eaters, and of course farmers, some logistics were laid out in terms of developing such a system. It was agreed that farmers are not making money for lack of it, because we know the money is within the wider system, from consumer to farmer. One statistic says that since 1995, despite a 40% drop in payment to farmers, consumers have seen a 22% hike in costs at the store. It's being allocated unfairly within the food system because of a gross economic and power imbalance between farmers needing greater market power to deal with increasingly concentrated suppliers, buyers, and retailers. There are consumers who genuinely care about the survival of the family farm in Canada, and however well-intentioned, they simply don't know how best to support it. A domestic fair trade system would be based on a mutually beneficial relationship from the farmer receiving a fair price to the consumer paying a fair price and the people in between taking a reasonable fee for distribution expenses.

Using the marketing of a fairly traded product to assure consumers they are supporting a farmer and not a corporation would pay dividends not only to Canadian agriculture but would help to increase awareness about the importance of maintaining our own

food system. Domestic fair trade would serve to create a new level of trust about the origins and safety of food, building long-term relationships based on respect and confidence between consumers and producers. Farmers have occasionally been made out to be uncaring about the environment or unwilling to cooperate with new legislation, but many times they simply cannot afford to implement new costly changes to methods of farming that have stood the test of time. With a domestic fair trade system, production adheres to social, democratic, and ecological standards, which the farmer would look forward to being able to afford to implement and the consumer would be happy to support.

Through its very nature, domestic fair trade serves to revitalize a sense of community and bring life back to rural Canada. If Canadian agriculture cannot create an enduring connection with Canadians, our agricultural sector is doomed from the start. A domestic fair trade system would begin to create a link between consumers and where their food comes from, ensuring a strong market for Canadian agricultural products right here at home. Very few would argue that life on the farm is an ideal place to raise a family, live a healthy quality of life producing food for oneself and others. Through farm tours and school visits, many farmers will tell you that many kids are genuinely interested to know more, spend more time, and consider a life of farming. Domestic fair trade is one very feasible method of maintaining these dreams and creating future farmers in Canada.

Thank you.

• (0920)

The Chair: Thank you very much, Sally.

We now move to Mike Nabuurs, of the P.E.I. Federation of Agriculture.

Mr. Mike Nabuurs (Executive Director, Prince Edward Island Federation of Agriculture): We have joint presentations. Ernie Mutch is the president of the association, so he'll start.

The Chair: Okay, very good.

Mr. Ernie Mutch (President, Prince Edward Island Federation of Agriculture): Thank you, Mr. Chairman.

I'd like to thank the standing committee for an invitation to present.

This being your last province to present to you, I think you've probably heard it all before. I was always one to believe that the more times you hear something, at the end of the day there must be a bit of truth to what you're hearing.

Anyway, the P.E.I. Federation of Agriculture is P.E.I.'s largest general farm organization, representing over 600 individual farmers, with representation from each of the major commodity groups and agriculture production organizations making up our board of directors.

The focus on today's discussions, as we understand it, is to look at how to encourage young people or new people into a career in Canadian primary agriculture production. We've heard from some young farmers already this morning, and it is clear that we see significant challenges ahead of them. Yet they have optimism and energy to push ahead as they work to find solutions. We will need some of this optimism and energy to make the necessary changes to federal and provincial policies, in order to sustain agriculture in this country.

The first thing we have to acknowledge is that planning for the future is a good idea, but planning for the future without recognizing immediate needs makes no sense. If we can stabilize the current challenges, then the future will, to some extent, take care of itself. If agriculture is profitable, new entrants will come in on their own.

Immediate needs of our farm businesses must be addressed to stabilize the grain, horticulture, and livestock sectors. This is most appropriately done by correcting the AgriStability weaknesses, which have not enabled proper risk management since its inception in 2008. Ministers must move to amend AgriStability retroactive of 2008 by implementing the following: remove the negative margins and profitability tests; provide farmers with the choice of having either the top 15% of the reference margin coverage or participation in the AgriInvest program; increase the cap for contributions to AgriInvest from \$1.5 million annual net sales to \$3 million annual net sales, double-matching contributions from \$22,500 to \$45,000; provide the highest reference margin by using the calculation either on a five-year Olympic or previous three-year average reference period; increase negative margin coverage from 60% to 70%; and give greater consideration to business risk management programming, based on the cost of production rather than margin-based coverage. These changes would convert AgriStability to a more responsive program, with the capacity to deal effectively with changing market circumstances. The program would finally meet the accepted criteria of being predictable and bankable.

The P.E.I. Federation of Agriculture recommends that the government remove the non-BRM clause currently written into the AgriFlexibility policy and work with industry to ensure the program has adequate resources to meet the needs of Canadian farmers. Business risk management programs need to be flexible to address regional differences across the country. One size does not fit all. This is why AgriFlexibility was introduced to address regional differences and to create innovation to enhance these coexistent differences. We applaud government's efforts to address the reality, but this recognition needs to apply to business risk management programs as well. The prime example of where business risk management programs have fallen short for the Atlantic region is the hog sector. Problems in the hog sector were supposed to be addressed with the hog transition program, which encouraged producers to exit the industry. This was implemented to reduce the national supply of hogs. The Atlantic region does not contribute to the oversupply of hogs in Canada. We are net importers of red meat into our region.

Why would our hog producers be encouraged to exit the industry as a result of a western oversupply problem? Working on a regional basis, all our agriculture programming is the only way to address the long term and create stability in the agriculture sector for future generations.

• (0925)

Mr. Mike Nabuurs: I will finish the presentation.

Another area where federal policy requires immediate attention is the regulatory framework for Canadian farmers compared to what exists for imported agriculture products into Canada. Are we certain that all food that is imported into Canada meets the same standard as Canadian farmers are asked to meet? Are Canadian Food Inspection Agency requirements being met in other countries where products are grown or processed and then imported into Canada? Are Canadian food standards and requirements even discussed when trade deals are on the table?

If the answer to these questions is "no", or "we're not sure," then we are placing Canadian agriculture at a disadvantage, thereby jeopardizing the future security of food and food production in this country.

Paying farmers for environmental goods and services is being done in the U.S. and Europe. Recognizing the value of preserving natural capital for the rest of society is crucial to the long-term sustainability of agriculture in this country. Paying for environmental services is not trade-distorting. The work farmers do to protect the environment is a benefit to them, but also a benefit to their community. Why should this entire cost be borne by the farmers alone? Other regions around the world have recognized this, and Canada must recognize it now as well, or risk putting our farmers even further behind in the competitiveness race.

This country needs a long-term food strategy. We need to define some goals and put in place a process to make them happen. This strategy development is not government's job. The development of a long-term national food strategy is the agriculture community's job. Once the agri-food industry stakeholders come together to define a national food strategy, we will need governments, both federal and provincial, to work with us to make it happen. This food-based strategy is being developed at the national level now, and we are optimistic that government will work collaboratively with the agriculture community to meet these long-term goals so that the future can be more secure and encouraging for today's young farmers.

There are opportunities for agriculture and for future generations in agriculture, if the right policies are implemented. This means developing policies for the current challenges as well as tomorrow's. How can we possibly expect new farmers to enter today's agriculture sector when many of today's farmers are, unfortunately, looking for a way out?

Thank you.

The Chair: Thank you very much, Mike.

From Atlantic Veterinary College, Dr. Tim Ogilvie.

Dr. Tim Ogilvie (Professor and Past Dean, Atlantic Veterinary College, University of Prince Edward Island): Thank you very much, Mr. Chair. I welcome you and the rest of the standing committee not only to P.E.I., but to this lovely area of P.E.I. This is my home stomping grounds. I live a couple of communities over.

I've been dean of the Atlantic Veterinary College, and I'm past dean now, but when I heard that your committee was meeting in Stanley Bridge, I thought I'd sleep in a bit, have breakfast at home, and come and see you here instead of going to Charlottetown. So welcome.

I also thought I'd take the opportunity to describe a bit about what we do and what we are at the Atlantic Veterinary College. I know some of you may realize this and may have been there before. Wayne Easter is a strong supporter of AVC and I remember Mark Eyking having been there. Others may have been in to AVC as well.

If educational institutions, through the provision of highly qualified graduates, through the provision of professional services, and through the provision of research, which can help agriculture, can be part of the solution, I thought maybe you'd like to hear a bit about the Atlantic Veterinary College. So that's what I've come prepared to describe.

The AVC is a faculty of the University of Prince Edward Island and has been a faculty of that university since 1986. It's funded in part by the federal government, and the four Atlantic provinces now support it. Our operating budget is around \$35 million per year and we have about \$25 million worth of rolling research funds that we maintain that provide research activities out of the Atlantic Veterinary College.

It's the only vet school east of Quebec. It's one of five in Canada. We're partners with vet schools in the U.S. in the sense that we're accredited fully by the North American accrediting bodies that reside in the United States and Canada. There are 28 veterinary colleges in the United States.

We're also fully accredited internationally so that our graduates can practise anywhere around the globe. That's kind of a neat thing to consider when we think about globalization of agriculture, animal agriculture, and animal health.

We have 240 veterinary students in the program. That's 60 students per year, with 41 of those coming from Atlantic Canada, and 19 per year from international locations, primarily the United States, where there are not enough veterinary seats to go around. So we are a strong supplier of veterinarians in the United States.

It's a four-year program of studies, and students need to come to us with about two to four years of pre-veterinary education to get into the program. So it takes about eight years of study, and that's consistent across the country. It's the same in Guelph as it is in AVC.

We also have about 50 graduate students in our program. Something that people don't usually realize is that we also train to the doctoral level, PhD, master of science, and master of veterinary science.

We have about 100 faculty and about 125 staff. We are the only full-service veterinary primary care and referral centre in Atlantic Canada.

Our students undertake a very practical program of studies. In their final year, as some of the other panel members perhaps can attest to, our students go out on farms to provide services with our clinical faculty. They go into companion animal practices. They go to Calgary to undertake studies in feedlot medicine. They go to Quebec to undertake studies in dairy cattle medicine. They go to Kenya to undertake studies in international development activities around animal health and animal agriculture.

So if animal agriculture is part of the balanced system of agriculture in Canada, then I'd like to think that with your consideration and the consideration of others, perhaps we can continue to help provide solutions for ongoing research and ongoing provision of support to youth in agriculture.

One thing we try to do at AVC in terms of that is introduce young people to agriculture early on. We have a vet camp program at AVC that is highly subscribed. For four weeks this summer we will be taking 50 students from around the world per week, for four weeks, to talk to them about all there is to do with veterinarian medicine. They get lectured by our faculty, our staff, and our students, who describe agriculture systems to them and other things involving veterinary medicine.

I'll tell you, the waiting list to get into that program is just as long as the waiting list to get into vet school. So we try to encourage understanding of veterinary medicine and agriculture to the youth, because I do agree that there is an increasing disconnect between the citizenry and farming as it is today.

● (0930)

Apart from education and educating veterinary students, we also undertake programs of research, and I do think there are some opportunities here for farming to differentiate itself, its products, through research. Some of the research we carry out at AVC is in the area of veterinary epidemiology, aquaculture and fish health, and human biomedical research and human health. And when we think about what agriculture can be and should be in terms of the development and production of healthy food and the intersection with public health, environmental health, human health, and animal health, I think you can see that there's plenty of opportunity for differentiation research and the development of sustainable products from good, safe farming systems.

Thank you very much for the opportunity. If you have any questions, I'd be happy to answer them.

The Chair: Thank you, Mr. Ogilvie.

We'll now move to our last presenters of the session, from the P.E. I. Young Farmers' Association, Patrick Dunphy and Maria Smith.

Ms. Maria Smith (President, Prince Edward Island Young Farmers' Association): Good morning.

I had requested to go near the beginning because I do have an off-farm job that does pay my mortgage payments on my farm, and after work I go work on the farm. It's just a note that I did mention that I'd like to go first.

Good morning, and thank you for the invitation here today. Patrick and I are here representing the P.E.I. Young Farmers' Association. Our membership is comprised of young farmers between the ages of 17 and 30 from all sectors of agriculture in this province, including big farmers and small farmers.

The P.E.I. Young Farmers' history runs deep in this province, as we were founded in 1948, and we continue to strive and help to continue the rich history of farming in this province. The following presentation is comprised of challenges and solutions that we bring forward from our membership, and this is to address national issues, and provincial issues, at the end of the day.

As Larry said, my name is Maria Smith, and I am president of the Young Farmers' Association. To my left is Patrick Dunphy. He is the vice-president, and he is going to introduce the national challenges and solutions to these from our membership that has provided information to us.

• (0935)

Mr. Patrick Dunphy (Vice-President, Prince Edward Island Young Farmers' Association): Thanks, Maria.

As Maria said, I am bringing forth a few national challenges from our membership. I'll go through them. They're identified as problems, and the answers are identified as solutions.

The first problem that was addressed by much of our membership was access to capital and funding requirements. The solution would be making it easier for young farmers to enter the industry by offering, and helping with, advance payments or guarantees on a maximum of a loan. Interest relief on the loan is a pretty good example there. We need support, especially when we're trying to convince a lending institution to believe in the agricultural industry in Canada and to make it work. Perhaps we could have a national young farmers' program or a national young farmers' strategy.

The next problem is rising input costs and declining farm returns. A solution would be capping costs from suppliers of electricity, fuel, and fertilizer. We all need to make money. However, if a company is guaranteeing a certain percentage to their shareholders, why are farmers stuck in the middle and footing the bill? Where is government to help protect our farmers against profiteering by these corporations?

Another problem is competitive regulation in the global marketplace. Canada is no longer a leading country in agricultural innovation and development. Government has essentially let our

farmers down and let other countries control what food gets into Canada. Canada must protect its farmers against these regulations and challenge other countries to have the same protocol that's required of our producers, or not allow them access to our Canadian markets. The U.S. has done an excellent job at this with their country-of-origin labelling.

The next problem is a national food policy, or lack thereof. There is no national food policy in Canada. Canada needs a system that, at the end of the day, provides safe and healthy food for Canadians and a return for its farmers. Canada must adopt a policy that will inhibit imports of unsafe food, and allow its own backyard Canadian agriculturalists to thrive before imports are accepted. If food is imported, it must meet the same standards as our Canadian products.

The fifth problem is regarding a united Canadian approach, that is, about having a federal, provincial, and territorial mechanism. As we know, our Canadian provinces do not work well enough together. We're all aware that there are challenges in every province. There should be a mechanism made up of deputy ministers and senior agricultural officials who work together on a regular basis, to develop regional and national policy for this country, based on what's going on in individual provinces. The awareness gained from this program, we think, would have a tremendous impact, as all provinces would be supportive of each other and be informed about their individual problems.

The next problem is that Canadians don't understand the agricultural industry. Whether you're a government official, deputy minister, minister, or a regular citizen in Toronto, the general public do not understand the food system at all. This lack of education has allowed our society to become disconnected from the farm base, which does not help put pressure on our politicians or government when they come knocking on our doors for our vote.

If something ever happens to our food system and all of a sudden there's not enough food in the system to feed Canadians, who's going to step up to the plate?

Farmers in Canada are taken advantage of every day by consumers, suppliers, and corporations who essentially tell the farmers what they're going to be paid at the end of the day.

We'll move on now to our provincial challenges.

Ms. Maria Smith: Thank you, Patrick.

We thought it was important to describe the provincial challenges so that the committee would know what maybe is going on in the province. We did a presentation to the provincial Standing Committee on Agriculture, and they told us that if we had the opportunity to present to the federal government again to make sure that it's known that the provincial level can't really do anything; it's all on the feds. I just wanted to point that out. That's exactly what they told me.

I'll go on to the future farmer program and provincial challenges and requirements. If you're not aware, we have a program on the island for new entrants who are young farmers. It's a really great program. But we discovered some problems and offered some recommendations to the province before they initialized the second program, which came in last year. It's called the enhanced future farmer program. I'm not too sure what's so enhanced about it. It's the exact same. We weren't consulted about our recommendations or the requirements that should be going into the program. I thought we were a big part of the puzzle for the program, so they should have maybe consulted us to see what we thought of the program and how it has been run for the last five years.

We have some recommendations. For the interest rebates, don't discriminate against those who don't have the educational background. Extend the program for a longer period of time. And help farmers strategically plan for the future and the ins and outs of what's going to happen down the road.

Young farmers have enough on their plates without having to deal with all this paperwork. We heard from our membership that it just seems like a lot of work to get into the future farmer program, so we want to see it become less mechanized down the road.

The second problem provincially is provincial policy. Agriculture policy and environmental policy are being fought over, and farmers are being challenged and stuck in the middle. It seems that ag policy will bend over and that environmental policy comes first. There's no provincial government official standing up for the agriculture industry at the provincial level.

The third problem is the approach in Atlantic Canada to working together. It's the same as the national issue. We need to see more cooperation. There is the federal and provincial debate about who is actually responsible for this crisis and what solutions are viable. We have to start acting on some things. We've been talking and talking and talking. What are we going to do? Let's do something. Let's have an action plan and go forward with it.

I've been making presentations now for the last five years, and I'm getting tired. I feel bad for a lot of people who have been here for the last ten years. I'd really like to see something. If you need to consult with us or help us get together for a week.... I don't care if it's a conference. We need to get something done about this.

In conclusion, I'd like to thank you guys for coming and inviting us here to present today. But as a lot of us have said, I have to mention the poor timing of these meetings in the dead middle of cropping season.

If you can take anything from this, these are serious problems, and you're headed down a bad, bad road. I might not be here next year giving federal presentations, because I won't think it's important. I'll just go to my off-farm job and do that for the rest of my life.

• (0940)

The Chair: Thanks, Maria.

We'll now move into questions.

Mr. Easter, you have five minutes.

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

I welcome the committee to the riding, as well. We did that last night. Thanks, everyone, for coming.

Maria, your comment that there are serious problems perhaps states it all. I'll just read the headline from a Vancouver paper from today's media clips: "One third of B.C. hog production shutting down this year: pork processor looks to Saskatchewan for hogs". That's what we're seeing here.

The bottom line is that if you're going to fix the problem, you have to recognize that you have one. I think we can argue about whether it's a federal problem or a provincial problem. I think it's both. One thing I would argue about with Patrick is the federal-provincial factor. They do meet. They talk all the time. But at both levels, there just doesn't seem to be a recognition that there's a problem. We had the federal and provincial ministers meet in February. The hog industry is going down the tubes. Your beef industry's not far behind. Your potato industry here is in trouble. And every damn minister who came out of that meeting said that things were wonderful.

My question to you is whether the current safety-net systems are working. If not, how do they have to be changed? I think Ernie mentioned that you have to move to some kind of cost-of-production system using AgriFlexibility.

Are our current programs working, and what would you recommend to change them? Could each of you answer? Who wants to start?

Mr. Ernie Mutch: I think you mentioned AgriStability, and I think that's a big concern. I expect you've heard all across Canada that the programs aren't working. Our provincial minister wants everybody to be involved in that program. We have 87% or 89% of our farmers involved in the program now. He thinks if everybody's in that then it's going to solve all the problems, but that's not the case, unless the program is tied to cost of production.

When it's tied to reference margins, our margins are going down every year, so how can a program work that way? A case in point is the ASRA program in Quebec. That's really stabilized the Quebec agriculture industry for the last several years. It's been really difficult for us in the Atlantic region to compete with Quebec in the livestock sector, especially. They've had those programs for years, and we've had nothing here. Unless something changes with those federal programs and cost of production is involved, we're going to be losing thousands and thousands more farmers.

• (0945)

Mr. Mike Nabuurs: If I could just quickly add to that, one point that's being made, and I've heard it a few times now, is that the business risk management programs have put out \$1 billion less this year, and I think they're projected to put out \$1.5 billion less next year. So the perception is this is great: the BRM programs are working; they're putting out less money. They're putting out less money because no one is qualifying for these programs any more.

They don't provide any kind of stabilization. They are designed—and everyone's done this—to pay out on a system that pays on highs and tries to level out the lows. The problem is there are no highs and lows any more; it's a continual steady decline. If we don't recognize that and come up with a program that really does create some stabilization, there's no point in having these programs any more.

Hon. Wayne Easter: Randall.

Mr. Randall Affleck (Maritimes Coordinator (P.E.I.), National Farmers Union): Yes, I agree entirely with Mike's observation on CAIS. AgriStability, and CAIS prior to that, were designed and might have worked in a normally functioning market. It just does not work whenever the margins are chronically low.

I looked at the P.E.I. agriculture insurance statistics. They manage the AgriStability here on the island. It's exactly as Mike said. The payments were quite large in the beginning, and now they've not panned out.

I heard an interesting presentation from an economist out of the University of Saskatchewan. Canada's system, our margins-based insurance system, especially when it's not working and we're not dealing with a normally functioning market, really puts the processing sector at risk. As a strategy you have to have production that's of consistent quality, reliable production, for the processors to invest and work in that economy. What we have now is a program that essentially provides no guarantee for investors to do that, whether they're producer cooperatives or outside investors, to further process our potatoes or whatever we're going to do.

AgriStability's a serious problem because it's a margins system and we don't have a normally functioning market. The only way to benefit from it is if you can identify your Olympic averaging and get the hell out, eh? That's not a plan.

The Chair: Thank you.

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

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Ms. Smith, you said that Quebec has programs. Yes, Quebec does have programs to help farmers. It is a social choice.

I met with your Minister of Agriculture yesterday, and the message was passed on. If we have that in Quebec, you can also have it here in the Maritimes. It is just a political choice. I told him that support was necessary if he wanted agriculture to survive here.

You are the last group we are meeting with. I am not a farmer like half of the people present here. Three years ago, I was not a member of the Standing Committee on Agriculture and Agri-Food, which you met with. Could you tell me whether something has changed or

not? Has anything been done over the last three years? Do not be shy.

• (0950)

Mr. Mike Nabuurs: Thank you for your question.

The answer is no. Nothing has changed.

But we have said that for a long time. Farmers continue to lose their equity. The problem is that we say that everyday. No one really listens, or no one wants to listen.

Ms. France Bonsant: Nothing is changing.

Mr. Mike Nabuurs: Perhaps it is because farmers have said it for a long time.

Perhaps it is because we seem to have been crying wolf.

[*English*]

Maybe for a long time we've been crying wolf, but the reality is we are all getting to the cliff. In the Atlantic provinces, we are about to go over the cliff. And in terms of national programs that have been put in place to try to help, what has been put in place for the Atlantic region for the hog sector, for the red meat sector, is to encourage our producers to go out of business.

[*Translation*]

Ms. France Bonsant: Okay. I do not have a lot of time, but I have a lot of questions to ask you.

Based on what I have seen, I say that you are not cowards. Some may think that farmers are lazy, but they should get smacked over the head—pardon my colourful language.

Personally, I noticed two problems. I think two programs could solve a lot of problems. First, there should be loan guarantees for young farmers who want to start off, and second, there should be decent income guarantees. With those two measures, young people could go into agriculture, and the farmers could have the guarantee of decent income. As a result, we would not need 72,000 programs. You would have cash flow to keep going—not only to survive on your farms, but also to make a living there.

What do you think about having only two well-thought-out programs instead of having 52 piles of useless papers? Do not be shy.

[*English*]

Mrs. Sally Bernard: Yes, I think you're absolutely right. The need to cover the costs of production and some living wages has been mentioned by a few people. Great, we can cover our costs of production, but we all have other living expenses and they need to be covered as well. Absolutely, you're right, we need to improve the existing program.

[Translation]

Ms. France Bonsant: Mr. Mol, my jaw dropped when you said that Europeans were not buying products from Canada because of tar sands development...

I am sorry, it was you who said that. No matter, this is the first time I have heard about that. So not only is the Canadian dollar up because of political environmental choices, but agriculture is also in trouble.

[English]

Mr. Raymond Loo: I nearly fell off my chair, too. It was brought very clearly to me when I was sitting there, this company I was dealing with, talking to, had agreed to meet with me and when I sat down and started explaining.... I will say it was right before the Copenhagen summit, so environment was very strong at that time. Basically what this company said was that they were worried about their consumers not wanting to buy a product that had a Canadian label on it.

[Translation]

Ms. France Bonsant: I think the people who participated in the Copenhagen conference understood that not all Canadians are against measures to combat climate change, but some of them are.

If the labels just indicated "product of the Maritimes", do you think your products would be received better?

[English]

Mr. Raymond Loo: That's exactly what I immediately did, was show on the map where P.E.I. was, where we were. I talked about our wind power, I talked about our ability to trace everything from P.E.I. to show.... That's the first time I've kind of faced this issue, but it wasn't really surprising to the extent that Canada... In North America we don't do.... They were also worried about GMOs. It wasn't only the tar sands, it was the GMO issue as well.

In many of the areas in the rest of the world the concern is labelling. Consumers can decide if they want to buy GMO or non-GMO. When we go to Japan with our products, they mark "non-GMO" clearly, and in Europe it's clearly marked. So they were worried about that issue too.

• (0955)

The Vice-Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Thanks very much, Madam Bonsant.

We're now going to the NDP with Mr. Allen for five minutes.

Mr. Malcolm Allen (Welland, NDP): Thanks very much.

Thank you all for coming.

I want to pick up on a theme that came from three areas, but with a different sense. I think Ernie and Mike talked about a food policy that needs to be driven not necessarily by politicians, but by the agriculture sector. Sally had mentioned this whole sense of sustainability, and of course Maria had said quite clearly that we need an action plan.

Anyone else can feel free to jump in, but I'd like to pick up on those three themes, because I think they're intertwined in the sense of who writes the policy for farmers, where we go. I'm very interested in sustainability, but ultimately we need to have an action plan. I

think it's what Raymond, Gerard, Maria, and others have said: there's been enough jawing, thank you very much; get on with it; let us know whether we're in or out at the end of the day. I think you really need to know that. If we're going to do something, you need to know whether you want to stay in it or get out of it. I think Maria said it quite clearly. You want to get on with your life—and that's fair. We thank you for telling us that, because you're right, you need to get on with your life. We can't be the impediment to the decision you need to make for the rest of your life as to what you do for yourself and your family, as to whether you stay in or get out of the business.

So if you could, give us a sense of where you think we need to go as far as a national food policy is concerned, sustainability, and what that action plan might look like—in broad strokes, obviously, because the chair will give me only five minutes...and a half, perhaps.

Mr. Mike Nabuurs: I'll start quickly to say that industry feels very strongly that it should be setting the policy for agriculture in this country. It should not be government's job. Industry has to take on that responsibility. I get very frustrated when we sit around a table and point fingers at government and say "Why doesn't government have a strategy for agriculture?", when agriculture doesn't have one itself.

So we have to take responsibility and set the policy for that. Then we need government to listen. I think industry has been trying to do that, somewhat unsuccessfully, but right now there is an initiative going on through the Canadian Federation of Agriculture. They are working very hard to bring in a wide range of industry stakeholders, not just primary producers but processors, retailers, consumers, other farm organizations, not just the CFA. The list goes on. Bring everyone together and say we have a country here that wants to have food security, and as an industry we have to get our ducks in a row, set some long-term goals, a vision, a strategy, and go to government and say this is what we want to have happen and here's the part that we as industry are going to play; now we need government to set the policy to make it happen.

That process is under way, but what we're really going to need, when everyone comes to the table, is to have government say that they really want to work with us to make our strategy happen. We'd really like to see that happen.

Mrs. Sally Bernard: In response to sustainability, I guess everyone understands that sustainability has various pillars. There's financial sustainability and ecological sustainability. I think current policy is pointing firmly in the direction of bigger and better all the time—just increase and get bigger and bigger. And that's what's happening. There is a place for those big farms; as long as we have fuel, we're going to have big farms. But I think there's been a general push to get rid of the small, diverse farms. That is a really backwards move that we've made in terms of sustainability because we need those small farms. The big farms need the small farms. Small farms are what make up rural Canada, and there's probably an argument to be made about ecological sustainability in small farms versus big farms.

So that's where I think one of the problems with the current policy is, that it's really gearing toward bigger, better, and then everything will be solved. I think that's a huge problem.

Mr. Raymond Loo: I agree with Mike. The farming community has to come up with a vision of how we want to go. The government's job, in my perspective, is to facilitate that happening. Earlier I mentioned the fact that the provincial government was very helpful when I was going to trade in Japan. The federal government has been helpful as well. But for example, the embassy in Tokyo was not set up to answer my questions as a farmer. They were not used to farmers coming directly, just jumping on a plane and flying to Tokyo trying to find a market. They didn't know how to address it. What I was saying was that I wanted to go somewhere, find a market that wants to buy my stuff, and then I'd come back and see if I could grow it. Traditionally, we farmers always grow our stuff, then we wait for the phone to ring. If the phone doesn't ring, we're in big trouble. The system as it is right now makes it very difficult for farmers to go internationally to find markets.

I don't want to take away from the help. I have gotten assistance from the federal people in Charlottetown. They've actually been very helpful, except that the programs aren't necessarily in place to help.

I just wanted to make that point.

•(1000)

The Chair: Thank you.

Mr. Armstrong, for five minutes.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): First of all, I want to thank you all for being here this morning and for taking the time out of your busy schedules. I know it's a real difficult time for farmers to take this time, and we definitely appreciate it.

Tim, yesterday at our meetings we had a lot of discussion surrounding the importance of local and regional research. I think this relates to something that Raymond was just talking about here, being able to find new markets and maybe develop and grow products that will meet those new markets. From your background, do you have any opinions on the importance of local research for developing the future of farming in Prince Edward Island?

Dr. Tim Ogilvie: Let me tell you a story. Our milk cooperative in Summerside worked with the Atlantic Veterinary College on a project to identify producers who were producing and continue to produce high-quality milk with what would amount to a longer shelf

life for their cheese product. We were doing the research from an epidemiological study and were looking at all the farms in the area. The results were so profound and so dramatic in terms of producing quality milk and translating that into a brand that they could market with longer shelf life and more appeal to the consumer that they jumped in before the research program was finished to try to allow themselves to pick up milk from various producers and use it in various ways to brand, identify, and differentiate their product. So it has not only long-term effects, but can be very important for immediate effects for food safety, food quality, and differentiation of products.

So, yes, I think a series of these processes can occur across the country at various institutions, not just veterinary, but agriculture, human health, and public health institutions as well.

Mr. Scott Armstrong: Thank you.

Patrick, you spoke of several solutions. Of course the first one we've heard quite regularly is access to capital. Access to capital is an important one. The national young farmers strategy, the national food policy, the regional policy to stop inter-province competition with each other and work together. One of the other ones you talked about strongly is levelling the playing field. You mentioned country-of-origin labelling in the United States. Would a program like that benefit you in Canada to help secure more of the domestic market?

Mr. Patrick Dunphy: I don't know. It seemed like a real good point at the time. But now that you raise it, we're an exporting country, so what would that do to our exporting relationships? Before we jump on anything, I think we should maybe look at that and how that would impact our food exporters in Canada.

Mr. Scott Armstrong: Does anybody else have any opinions on country-of-origin labelling?

Ms. Maria Smith: I have a suggestion, something that has the same requirements as our food going out. I don't care if it's COOL or whatever the heck you want to call it. There has to be something in place for food that's coming into this country for Canadians; it has to have the same standards. I don't care if it wrecks our export market, but it has to be the same. So I disagree with Patrick.

Sorry, Patrick.

Mr. Scott Armstrong: That's okay, you're allowed to disagree too. Sometimes we disagree as well.

Ms. Maria Smith: There definitely has to be something. Because I believe you guys have heard this, probably since you started in B. C. and then came to P.E.I., that it is a problem. Is it a common theme that you hear about food coming into our country not meeting the same standards? Is it the same? Okay, all right, I asked you a question.

Mr. Scott Armstrong: Right, yes.

Mr. Raymond Loo: I think we definitely should have on the product when we go to the store where the product was produced, where it's coming from. I've got a blue label, I was just looking at it yesterday, on parmesan cheese. I was looking at the label. There's only a Loblaws address in Toronto. We have no idea whether that cheese came from Canada. It probably was, because it's a protected marketplace. But it's only an example of how hard it is, how really difficult it is. Loblaws and Sobeys don't make any mistakes; they want to build loyalty to themselves. They don't want to build loyalty to the farmers, and they don't want to build loyalty to anywhere else except themselves. So they're not really in favour necessarily of having everything labelled on where it's coming from. But from our perspective, it's extremely important for consumers to be able to choose. We should know when they pick up something where it comes from. I don't think that's going to hurt our international markets for our consumers to know where the product is coming from.

•(1005)

Mr. Scott Armstrong: Sally, just real quickly, you talked about the domestic fair trade system. We have also heard a consistent message. I was here yesterday and today, but I also talked to other farmers in my own riding. There's a lot of pecking away by retailers. So the price the consumers pay is vastly different from what you receive as profits. Can you just expand on that? Do you think we should legislate some sort of standard, some sort of legislative fair trade system to make sure retailers are returning a certain amount of profit to the agricultural producers? Could you expand on that just a bit? And maybe someone else could comment also.

Mrs. Sally Bernard: Yes, I guess that's the idea.

Randall, you might want to speak a bit further on it.

Mr. Randall Affleck: Essentially a lot of farmers in the NFU are of the opinion that the current domestic food system is totally broken. So this is an alternative strategy, not a solution for everybody, but a system that's based on fairly traded coffee and bananas. We're used to that on an international basis, as consumers who are interested can purchase food that's produced to a certain standard or in a certain way.

So we would create that organization within the country, within the domestic food system. Essentially, in terms of sustainability, the price negotiations would be for the cost of production plus; and then whatever the consuming public were interested in having as a standard, they would negotiate that within this body.

So it wouldn't be legislation per se against the retailers—although, personally, I have no problem with legislating retailers.

Voices: Oh, oh!

Mr. Randall Affleck: They're nothing but a bunch of bandits.

We're essentially trying to develop, as a group of producers and consumers, a model that's different from what we have now.

The Chair: Thank you.

I just have two points.

Maria, your comments about country-of-origin labelling and about foods having the same standards deal with two totally different

issues. Personally, I can certainly support having the same standards for food that's coming in. I don't want to pre-empt what our report will say, but I will probably be surprised if that isn't one of the recommendations in it. But time will tell.

Also, Raymond, regarding your comment about knowing where our food comes from, we do have "Product of Canada" labelling out there today. I still think there needs to be a lot of education of the consumer out there, and government and industry have a role there in getting that message out. But you can safely assume today that if it does not have "Product of Canada" on it, then it isn't. It's as simple as that.

There are still some misleading labels out there, such as "Processed in Canada".... Maybe that's not one of the misleading ones, because we do want to protect our food processors here. But there are other labels. On wine, somebody will tell me that it's "Bottled in Canada". Well, they bring it in from Italy or France, or wherever, and that's sometimes misleading. I think we can probably do some work on that, including with some other products.

But you can only put "Product of Canada" on a label if it is truly a product of Canada. So the consumer has to be educated about that angle. I just wanted to make that point.

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

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

And thank you to the witnesses for coming here this morning.

When you drive through P.E.I. and you see that beautiful soil and the very well-kept farms.... But we're learning this morning there's a dark side to it all in the agriculture industry: how do we maintain farming in P.E.I.?

We've travelled the country. We've seen in the Okanagan Valley where there are big estates, big homes being built on these ten-acre plots, where people have a few horses in the yard, but the reality is they're not producing agriculture for the long term. Is that what's going to happen with P.E.I., where it's just going to be a place for people to come and have a good time, but at the end of the day there'd be no agriculture? I think that would be a tragic thing, especially with such good farmland.

How do we turn this around, assuming that for some reason all the government moneys...? Let's look at this differently. Let's look at P. E.I. differently. Not too long ago I was in New York, where you see a lot of products from Vermont. Vermont seems to be getting a name for itself as pristine, wholesome, and they're selling products in the New England area.

When you see this big market only a one-day drive away, especially with the bridge—100 million people—is there a way maybe P.E.I. can cultivate this wholesome image where we start looking at the way you grow products differently here, where you'd maybe stand out as unique and different?

We often talk about the problem we have with the beef farmers, and you have one plant here. I remember talking to one of the beef processors and asked what if we had this grass-fed beef that was grown here, and instead of saying we're getting less for it, how could we get more for it on the U.S. market by promoting it as a healthier animal with fewer antibiotics? So what I'm thinking is, should we be looking at...? I know some of you are already doing that, but overall, over the long term, should P.E.I. have a certain agriculture concept of maybe more organic, maybe more sustainable agriculture—not just organic where P.E.I. has that label of uniqueness so those 100 million people who are within a day's drive are looking at your product differently, and not just the cheapest potatoes or the cheapest beef or cheapest french fries.... It's a different concept, maybe.

I'm just throwing that out because the market is there. It's just to connect the right product and people, so they know that you're.... I'm kind of thinking along that line: that there should be a different master plan for P.E.I. in the next 50 years, of their food and who their customer is going to be. I think they have an opportunity and a niche, but I don't think it's happened the way it should. So how can that happen? Should it?

• (1010)

Mr. Mike Nabuurs: I think you're absolutely right, Mark.

I don't want to keep throwing out problems, but the problem is that P.E.I. has been in commodity production for the last 30 years. That is the mindset. That is what producers were encouraged to do when the Canadian dollar was at 60 cents: produce as much as you can, as efficiently as you can, because we're going to export it all to the States and everything will be okay. That reality has changed.

In order to look at those proactive and new and innovative approaches.... My father was a hog farmer, and he used to say he could never get a good litter of pigs from a sick sow. The issue is that if the industry isn't healthy to move forward, then you can't look at these innovative and new....

You're absolutely right. I think we as P.E.I. have to use our smallness and uniqueness to our advantage. We've got some real opportunities there. But those opportunities will be lost if we don't do something to keep in place the infrastructure we have, in order to meet those goals in 20 years, because it will be a 20- or 30-year thing.

To get to your point of the tourists who come to P.E.I., we won't have those beautiful landscapes and those beautiful farms for the tourists to come and look at, which is another mainstay of our economy. We've got to make sure that we can make some real changes fast to keep what we have now, in order to make those new and innovative changes for the future.

Hon. Mark Eyking: So as the federal government, we should be giving programs that are made-in-P.E.I. solutions instead of these overall programs for the country—solutions made in P.E.I. to give P.E.I. the next 50 years—

Mr. Mike Nabuurs: Absolutely.

I've got to reference quickly this hog transition program, where farmers were encouraged to bid against each other to get out of the industry because we have an oversupply of hogs in the country, when Atlantic Canada does not contribute to the oversupply. This is

a prime example of a BRM program that was announced nationally across the country and we yelled and screamed and said this is going to destroy what's left of our industry, and no one listened.

We have to recognize the differences in the programming across the country so that we can sustain the regional differences unique to B.C., Atlantic Canada, and what not. If that reality is not there, then one size does not fit all for those programs.

Hon. Mark Eyking: I guess Randall had one short comment.

Mr. Randall Affleck: We had a commission on the future of agriculture. A lot of what you've talked about came out in that, trying to brand P.E.I., and I'm optimistic that we'll make some progress. But we have to recognize the core problem in agriculture. If you go into a grocery store, there are 50,000 items on offer, but in reality that's simply different combinations of corn, soybeans, wheat, potatoes, and beef, commodities that are sourced from processors at the lowest possible price, wherever they can get them in the world.

When I first started in agriculture in 1987, we were moving into the free trade agreements and agriculture exports went through the roof. The trickle-down economics isn't even a drip at the farm gate. For those whole 20 years, rather than envisioning what they can build, farmers have been trying to save what previous leaders have put in place, such as supply management and orderly marketing. We've lost single-desk selling in the hogs. If you graph it, you can see that it tanked out.

So the core problem, in my view, is not the lack of the quality, or COOL, or regulation; it's the lack of market power for farmers because processors and retailers have been consolidating. I don't envision how you can ever break that up, personally. The solution is to give farmers some marketing power where they can work as a group to develop a national food policy, as has been mentioned. I have no disagreement with any of that.

That's government's role both federally and provincially, to establish the regulatory authority for farmers to implement that and negotiate from a position of strength with these people. That's the core. All this other stuff is really positive potential that could be developed individually as producers, or my preference would be to work with the researching community and the food processors and really develop an industry.

I'm talking too much, am I?

• (1015)

The Chair: That's okay, Randall.

Mike, I wanted to add something on the national exit strategy. I mean, no program is ever perfect, and I'm not going to defend that one and say that it's perfect. It was something that was asked for by the Canadian Pork Council. It was sorted out in conjunction with them. I think it's pretty safe to say, and I'm sure you'd agree, that it wasn't targeted to the Maritimes or wherever. Even Ontario, there was a larger number of hog producers in Ontario that got out. So when you have a national program, how do you do it any other way? You put it out there. Nobody had a gun to anybody's head in Ontario, any of my neighbours, or to somebody in P.E.I. to do it. The way it worked out, there were more from those areas. I'm more or less thinking out loud. I don't know how you do that. It was not targeted in any way to get rid of the hog industry in Ontario or the Maritimes.

Do you have any comment on that?

Mr. Mike Nabuurs: As I understand it, it was done to decrease the oversupply of hogs.

The Chair: Of course.

Mr. Mike Nabuurs: We had a discussion with CPC and we were aware that they were not supportive of vocally being seen as being supportive of a different strategy in the Atlantic provinces. But we told the Canadian Pork Council, "You recognize that the Atlantic region does not contribute; we are a net importer of pork into our region, so we're not contributing to this oversupply. So if we request some kind of difference or different approach to this program for the Atlantic region, will you oppose us on that?" The answer to that was, "No. We can't advocate for it, but we won't oppose you if you ask for that."

We did that. The CPC stayed quiet on it, I understand, but there was no willingness to take a look at doing something different for the Atlantic region. There has to be that willingness. I know we're all worried about countervail and around trade issues and all those things, but I think where there's a will there's a way. I don't know if that was really considered in this case.

The Chair: Okay, thank you.

Mr. Shipley, five minutes.

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

An interesting number of comments have come up, so I want to go back, Mike and Ernie, to your comments about the countervail provincial authority. You mentioned in your comments about helping.... I'm trying to get a level playing field for farmers and making programs that are equitable and fair, from my perspective. You talked about needing a significant change of policy, removing the negative margins, increase in the agriculture, reinvest the caps.

Do you know if your province supports those changes?

• (1020)

Mr. Mike Nabuurs: That's a good question. The province has no extra money for these kinds of things—that's usually the answer that we get. We recognize that everyone is dealing with deficit budgets, but that gets to the willingness to invest in agriculture.

Mr. Bev Shipley: I'm just trying to understand. I'm not pointing fingers at anyone, okay? Because what we have is an agricultural policy framework, an agreement between the provinces and the

federal government that requires—simplified, shouldn't do this—six or seven other provinces to agree before we make any changes on business risk management programs.

So it's always about—Maria talked about it—"well, it's you; no, it's us". And you guys are in the middle. That's sort of how it seems to work, and from a political standpoint, if that's what we want to accomplish, I guess that's an accomplishment. From our perspective at this table, about farmers and helping to give a future for farmers, it's not working.

As we've gone across, you would almost think that we need to look at the reorganization of responsibilities of the federal government, provincial governments, and local organizations in terms of does the federal government become responsible for food safety regulations and export markets. We're an export nation. In general, money transfers down and provinces run programs in some sort of respect. I don't know, but I'm just seeing that everywhere we stop, it's a concern. Are there thoughts on that?

And secondly, one of the common themes at every one I've been at—though I haven't been all across Canada—is this whole regulatory issue about.... Sally, you talked about it, and Maria and others talked about it. We have products coming into Canada. They meet our residue standards for food safety. Food safety is not necessarily the issue. But it is about them having access to products to grow these crops or grow the animals. We don't, but it comes and sits in direct competition with us. So I have a motion that is passed by Parliament dealing exactly with this, and I'm hoping that as a committee this type of regulation or motion can be ramped up in a recommendation from this one, because it doesn't matter what province you're in or what you're growing, it affects every one of us. I think that is a simple reliance on how does the federal government help producers at levelling the playing field, and I think that's what we're after.

Help me understand how we can get more profitability from the marketplace. Do we have to take more market risk to be part of the market benefit? How do we do that?

Mr. Gerard Mol: I have an example of that, about the risk.

We were shipping potatoes this year to Venezuela and quality standards were really met. When the product arrived, Venezuela had changed the standards. Right now the Canadian government—it is being worked on right now—is not willing to trade through Export Development Corporation, to take the risk. I know we know how Export Development works, but there you're passing your customer's name and they look at how credible he is to pay the money.

What happened, then, is Venezuela is a very tricky country, of course, with stability from the government. So then the product arrived there, and of course Venezuela had changed the rules. Also, there was no payment to these exporters. The exporters came good, they paid for this, but who wants to tackle a market that is not ensured? The exporters don't want to bother with this any more. They lost hundreds of thousands of dollars, all because Export Canada didn't want to take the risk.

So I don't know, is there any way we can change that rule a little bit? This market has been in P.E.I. maybe for the last 20, 30 years, and maybe some people can comment on that, too. What I see is, because of political issues that are out of exporters' and farmers' control, we're losing big money and markets, and that is an issue. The potatoes came there. There was an official sent from Canada, to look at the product afterwards. It was all fine; it was all in good shape.

So we have to have Canada also stand up for these issues. These are export problems. They should stand up for this.

But looking at some other stuff, I think it's all great, these programs—CAIS, AgriStability—but it's not the root of the problem. You've got to do something with the imports, food coming across the borders, wherever it comes from, from the United States, or imports. We have to slow that down somehow. I don't know how, but I think that's the only way to do it, I think, for the farmers to survive.

• (1025)

The Chair: Thank you.

Ernie, I'll give you the last comment.

Mr. Ernie Mutch: In your comment you were talking about leveling the playing field there. As I understand it, 40% of the food we eat now is imported. I was recently at a meeting in Moncton. There were discussions on trade negotiations and there were a couple of civil servants from Ottawa talking about negotiating with other countries and the importation of food. This question was asked: When these negotiations take place, is food safety one of the primary topics that you talk about when you're talking about these agreements? They said no, and that was really surprising to me.

That's what's killing our industry here. If the government can't regulate the safety of the food that's coming into Canada and we have to adhere to all those regulations that we have now, then the government should be paying us, as farmers, for the costs that we inherit with all those regulations that we have to abide by here. It's killing our industry. With 40% of our food coming in...it's just going to keep increasing, because we're going to be losing more farmers.

If they can't control what Uruguay does to their beef... As a beef farmer, all the inspection fees that I have to pay, or whatever I have to do on my farm, it's costing me money, and it's killing us.

The Chair: Thank you.

Mr. Hoback, five minutes.

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

Thank you all for coming out this morning. I know you're all very busy this time of year, and it's appreciated. I hope you understand that in Saskatchewan calving season starts in February, and last year

harvest went to the end of November. It's hard for a committee to figure out the best time to travel, so that's how we ended up here today.

There's one thing I was going to maybe touch on a little bit. A lot of you talked about some sort of risk or cost protection program. In the 1980s we had a program called GRIP.

Wayne, you'll remember GRIP.

I was farming. I still have a farm, but at the time I was starting in farming, and it was there. I thought it was great that I could predict that next year I was going to make this much money, and the year after that I was guaranteed to make this. There was bank flow, and I could see it.

The problem was that four years later we had a government change in Saskatchewan, and all of a sudden it was all gone. In the meantime, based on our projections of what GRIP was going to pay us for the next ten years, we hadn't expanded our farm, and we just kind of stayed put. But a lot of our neighbours did expand, and we saw the land values go up dramatically during that period—probably artificially—and all of a sudden these guys, four years later, were sitting there saying, "Okay, now what?" because all of a sudden that revenue stream, which they had forecasted on, wasn't there.

That's the problem I have with any type of program in which you say we should have government contributing here and contributing there. Governments change, and priorities of governments change, and all of a sudden you could be in a situation like that again where all of a sudden it's not good for anybody.

I know you referred to the ASRA program, but I think the ASRA program in Quebec—a lot of people don't remember this—has about a \$5 billion deficit right now. So sooner or later something is going to happen there, and that's going to change, and where those Quebec farmers will be, I don't know.

That's the caution I have there.

The other thing that Mike mentioned was that there should have been an Atlantic solution or a western Canada solution. It's really tough for a national government to pick winners and losers on regions. Basically all we can do is say, "Okay, across Canada we can do this". That doesn't prevent your provincial government from stepping in and saying, "We're going to top this up to make sure that in P.E.I. we're going to do this".

Alberta did that. I know that the guys in Saskatchewan complained about it, because—and I'll use the beef industry—Alberta came out with a hundred bucks a head, and Saskatchewan came in with forty bucks a head, and the guys in Saskatchewan felt they were out by sixty bucks a head.

So when you look at it at the federal level, you try to be fair and balanced right across Canada. But then if the market is going to dictate what happens...

You said you didn't contribute to the hog problem, and that could possibly be true. But in the macro sense, there were too many hogs throughout the world, and that contributed to the hog problem. So how do you say "they didn't contribute, but how do we federally give them more money or more sustainability?" versus the situation in a province like Saskatchewan, where I come from, where the cost of production could be substantially less? Those are the issues you face at the macro level.

Five years ago I was sitting at the table with the farm association, just like you guys, trying to figure out how we could get more money into farmers' pockets. And that's the thing I want to learn from these committee meetings. I'm looking at things that will give you more money in your pocket from the marketplace, or reduce your costs, because there are two sides to the equation: either you increase your revenue or you decrease your costs.

I really like the idea about the imports. There is no reason, to my mind, if we're going to import beef from Brazil or Argentina, that the producers there shouldn't meet the same standards or requirements we have for our beef producers here. That's a no-brainer. That should be fairly simple. I think everybody around this table agrees with that.

But are there other things we can do on the regulatory side or the cost side for young farmers, to get them started, that will make them a stable entity at the start until they get their equity base to a level at which they can survive in the marketplace? Those are the types of solutions I'm looking at.

Raymond, you did some great stuff in going overseas. I did a lot of that too. It's great. I'd like to know the name of that company you said Dave had a problem with, the Canadian brand. If you wouldn't mind giving that to me later, I'd appreciate it.

• (1030)

Mr. Raymond Loo: I can get it for you. It's a Danish company. I have the information at home, so I'll pass it on.

One of the things I would say, though, is what drove me to going overseas or going somewhere.... I just went down to Wayne's office; he's got the book on embassies. I didn't know that you had to dial 011 to get out, because I had never dialed more than one, so it was quite a stretch. But one of the ways of getting extra money out of the marketplace is finding partners. Value chain is an overused term sometimes, but a value chain marketing system if you can find partners...and there are people, there are companies around the world who are willing to actually work directly with farmers, who are concerned.

On our canola oil now in Japan, we've got pictures of us on the bottles. I'm selling dandelion roots. When they asked me if I could grow dandelions, I thought holy crow, where do I find seed? And I had to find something to plant them in. But we're growing dandelions and we're making dandelion coffee and sending it over, and they've got a picture of me in the field holding the dandelions.

So there are ways of taking something that as farmers we have absolutely no idea we can make money from. We're asking the marketplace if there's something we can grow instead of us growing something and trying to sell it and then if it fails, asking the government....

I had a guy ask me one time what I was farming on our farm. I said we had beef cattle, and he asked me why. I said, well, because we chose to buy beef cattle years ago and get out of the dairy. He said did you do a market study, and I said no. He asked what breed we had, and I said Angus. He asked if we would do something different, and I said no, and so on. At the end of the day he said, "You just described a hobby. You're doing what you want to do because you want to do it and you've never done any research into the marketplace."

I do feel that as farmers we have to be more proactive in finding markets, but we need to have the support sometimes to get us there.

Mr. Randy Hoback: Would that support be on the research side, or the export development side?

Mr. Raymond Loo: Well, on the research side—different things. But I even see support for flying.... A few years ago I could get assistance through different programs to go to conferences or go to different places. That seems to have stopped to a large extent. They don't want to send people somewhere. Well, sometimes we have to go somewhere else to see what someone else is doing so we can get the ideas to bring back home. So there are different issues.

I think there are other people who want to talk.

Mr. Gerard Mol: We export canola to Japan, but the trouble is what we have there. I mean, the nice thing is that Japan is an importing country; they only produce about 30% to 40% of their own food. We were approached by a company in Japan to grow adzuki beans. Farmers there are getting approximately \$4,000 a tonne for the beans, and they are protecting their own market very well.

What that means is that before we even can grow these things, the company that buys these adzuki beans has to get a permit and they have to pay for this permit. Let's say it costs \$100 a tonne—I'm just saying some number, I don't know what the number is. What happens is this company has to buy a permit to import adzuki beans to the country, and that way they regulate exactly what kind of tonnage is coming into the country so the farmers in Japan are protected and they still get this high price. We will not get \$4,000 a tonne for these beans going in there, but at least it's regulated. And that is something that we.... Except for bananas and oranges maybe, we basically have 100% food supply in Canada to supply our own people. This is just another market, this 30% to 40%, and that's the issue, I think.

• (1035)

The Chair: Thanks, Gerard.

We're out of time. It always goes so fast.

Mr. Easter.

Hon. Wayne Easter: I just want to make one little point of clarification on Gerard's point on the Venezuelan potato deal, because I think it's something we will all agree on at this committee eventually.

What really happened is that the P.E.I. potato exporters were left at the mercy of Venezuelan politics. Whereas Holland will send in a team of people with the backing of the government to take on the country and support their exporters, Canada fails to do that. That's something I want to put on the record. We need it on the record, that we need a quick response team who would back up Canadian exporters, from wherever they are in the country, and take on another country's political system if necessary.

The Chair: Okay, thanks.

Mr. Randy Hoback: Mr. Chair, I just want to put on the record that we do have a team in China right now, on canola, for example, that was quickly over there within a week. So there is work being done to expedite that process.

Wayne is right, though. When we see those types of issues, we need to be able to react fairly quickly.

The Chair: Thank you very much. We'd had some great comments today. I wish we had more time, but we've actually extended over.

I have just a couple of things to add.

Mike, in terms of your comment about the industry basically having the lead role, I know as a producer I came through the BSE crisis in 2003 and it kicked the daylight out of me and a lot of other people. Sometimes when you get frustrated, you want to blame somebody or put all the blame on the government. Government has a role in this, but so does the industry and so does society in getting this mindset.

There is no specific cheap food policy in this country. No provincial or federal government has that. But it's artificially there, and society puts it there. Society needs to start to walk the talk. If they say they want to support agriculture, they have to do it when they walk into the grocery store or the local market, or whatever.

There's one other thing I'd like to see comments on—and we don't have time to hear any answers on this, but I sent a card around, or you can send your comments to our clerk. We've had a bit of a theme here about the Competition Bureau, and there seems to be some opinion out there that it's maybe not using the tools it has to the full degree. There's even some other play out there, including from myself, wondering if we should give them some more power. So I'd like to hear some comments on that.

There's something that we always have to keep in mind. I fully support, as do most people in this room—in fact, probably all the people here—somehow protecting our domestic food supply. But as a taxpayer, just using my taxpayer's hat and throwing my farmer's hat and my politician's hat away—I cannot support subsidizing exports. Somehow we have to come up with a way to separate the two, and if any of you have some comments on that, I would be very happy to hear them and I think the rest of the committee would.

Thank you very much for being here on a nice day.

We would ask you to please vacate the tables as quickly as possible and for next round of witnesses to please come to the table right away—and again I urge our members to take a leading role and get back to the table in five minutes.

Thank you.

- _____ (Pause) _____
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- (1040)

The Chair: I call the meeting to order. We'll begin our second session.

I'd like to thank our witnesses for taking time out their busy days to be here, especially on a nice day. It's nice to be here in P.E.I.

If you can keep your presentations to five to seven minutes, I'll give you a two-minute warning, so to speak. I'll be as flexible as I can.

Mathieu Gallant, you're up first, for five to seven minutes, please.

- (1045)

Mr. Mathieu Gallant (As an Individual): I'll be talking in French, I guess.

[*Translation*]

Good morning, my name is Mathieu Gallant. I have a dairy business. We milk about 40 dairy cows. The company has been certified organic for five years. I have a degree in farm management and operations. Our farm is a small family farm and we all work on it. I decided to settle there because it is something I wanted to do, but there is also the fact that when you are working at home...

[*English*]

When you're working at home, you're working for the family heritage. It just goes to show that you want to stay home but there's no money to be made. We're in the dairy industry. We'll say that I'm sacrificing my revenue and my time for the family farm.

What I've been looking at is value-adding the products. I went along and I took a cheese-making course. I went to France for five months, learned how to make cheese, and I've come back just to get stuff rolling. I find it's so hard just to be making a living off of agriculture in general. Once you hit the value-adding stage, it's a whole different ball game where there's no kind of producer/processor kind of link.

Right now I'm at the stage where we're doing business plans and looking at different locations and stuff like that. It's just you're working, say, a minimum of 50 hours a week, and you still have to do all your running around. You're working on the family farm 50 hours a week, and then you're trying to set up your other business as well, but you need to have some income coming in because everybody wants to try to have a normal life. I know quite frankly that in agriculture it's not always easy.

What I find, really, is there's a big void between the producer and the processor stages. Lots of people say, "We're farmers. We know how to sow. We know how to milk cows, and that's what we do best." But there is, quite frankly, a lot of money to be made on the processing side. I did a few market studies, and I said, "Well, I can work 60 hours a week and get, say, 75¢ a litre, or I can work, say, 20 hours a week, and for that same litre of milk I can get \$3.50."

I love farming and everything, but you have to be able to make a living off of it. Lots of sacrifices were made. It's just to say that if we want to keep farming viable here, especially in rural P.E.I., we're going to have to look at different ways of keeping the young farmers here, to make sure that it can be fun, it can be profitable for everybody to make a living off of.

I know it's pretty basic. I'm just a 25-year-old farm kid working at home and trying to start my own business on the side. I know that I don't want to take anything away from the family farm. I am working in conjunction with it, because hopefully there will be a succession plan and I will be the fourth generation to take it over. But in the meanwhile I can't just sit around kicking boats and waiting for a paycheck. Everybody has to do something and make a living off of it.

Thank you.

• (1050)

The Chair: Thanks, Mathieu. It's people your age who are the future of agriculture, so I thank you.

I'll move to Matthew Ramsay.

Mr. Matthew Ramsay (As an Individual): Good morning, folks. We'd like to thank you for having us here.

My name is Matt Ramsay, and Trent Cousins is beside me. We're going to do this in a two-part piece.

We'd like to share our insights as they concern what we consider a necessary paradigm shift in 21st century agriculture. We're each going to outline some key points as they relate to the briefing we provided you.

I'm going to begin by outlining some socio-economic concerns, which I feel should be addressed on a higher level of agricultural reform. Trent is going to share some insights on key areas of opportunity where we think we could start making things happen.

I'll start by saying that agriculture is in need of a warm welcome, as it were, to the 21st century. Efficiency and sustainability are no longer nice things to have, but rather the demands of an increasingly globalized economy. I think we all know this. It's just the way things are going.

We can no longer allow these long-held traditions to hold us to anything. We must reconcile ecological and economic paradigms and we must fuse them into hybrid frameworks that capture the total value of agriculture. By that, I don't mean just the profitability element of it. Long-term stability cannot be restricted to profitability, yet we cannot ignore these implicit rules of a global marketplace. We need to somehow reconcile the two, which is what I think will create a holistic, long-term stability.

We need to take a fresh look at the interconnectiveness, prolific in every economy, and truly appreciate the rudimentary significance of our primary sectors. These are the sectors this country was built on. When we take a look at how it is interconnected with every other piece of our economy, there are certain warning signs popping up here and there. While we were not built on the seas of global economics, we will perish on them if we fail to stabilize our constituent industries.

What I see right now is a clear and present rift between a generation looking back and one looking for a future. The old farmer is a dying breed, yet so is the young one. With them both will go the opportunity to stabilize and to feed a nation, and we must not let this happen.

New thinking must be allowed to permeate agricultural economies. Long-term stability begins and ends in the hearts and minds of those who currently find little refuge in agriculture. We must work diligently, collaboratively, and in ways never thought of. We must give the farmer the grounds to once again roam freely as a food producer.

We expect too much insofar as we eat without thought. We need to allow the traditional farmer to reconcile his ways with these young farmers we seek to offer these opportunities to.

I'm now going to pass it to Trent. He's going to speak to some more specific key areas on where we might start looking for these opportunities for integration.

Mr. Trent Cousins (As an Individual): Hello, ladies and gentlemen. I'm also pleased to have a chance to speak before you.

I grew up on a large-scale potato and beef operation in the Kensington area here in P.E.I. I remain involved heavily in agriculture, both in my beef operation and my uncle's potato farm.

Several years ago I saw no future for myself and frankly for most youth in agriculture, for several reasons. Now, after doing quite a bit of research and going to university and looking at the global economy and what not, I do see a very promising future. Mind you, this future can only be achieved by streamlining efficiencies in a manner that creates sustainability for the producers in the industry. New ways of thinking must be utilized, as Matthew mentioned, in order for such a small part of the global economy as P.E.I. to become competitive and remain competitive.

I'll just touch on a few points. I'll be all over the map, but these points all deal with the same thing.

Newer, higher-skilled jobs need to be established in both the private and public sectors of agriculture, addressing new issues such as food safety, integrated pest management, and heightened levels of information sharing.

The power of information is really starting to show itself in all industries. If farmers can share their information with each other—their non-competitive information—it will really help them to create efficiencies. As well, by establishing these skilled positions, in food safety and what not, you take the weight off farmers' shoulders. They don't necessarily need to worry about the little things like that; they can farm and produce a crop to the best of their ability.

As I said, not that long ago the thought of farmers sharing any information about their operations was never even whispered. The landscape has changed now, and farmers see the need more than ever to work together, not only through existing boards and organizations for marketing and purchasing, but also at the production level. The power of information is truly beginning to show its enormous value in creating efficiencies.

I also feel that a bar needs to be set for existing operations to measure themselves against. A local industry competing in a global market must ensure that it has extracted total value from its operations. Operations repeatedly failing to live up to such standards should be considered non-viable and be made to change.

Also, the existing barriers to entry into the industry for the younger generation must be eliminated through working with the current generation to determine mutually beneficial methods of transferring these high capital farming operations without undue risk to the new generation.

Only when we emancipate the farmer from the added burdens of a global economy will he or she be free to fully transition critical skills and knowledge to a generation empowered to do better.

• (1055)

The Chair: Thank you very much.

We'll now move to Mr. Holmes, for up to seven minutes.

Mr. Allan Holmes (As an Individual): Thank you for inviting me here today.

My story is much like Mathieu Gallant's. I was raised on a family farm and have always been very passionate about it. I've exhibited cattle through 4-H for many years and I looked at a lot of the people in that as the more progressive, interested individuals. All of them have chosen other occupations as their livelihood. I was the only one who entered into farming as a full-time occupation. However, recently I have had to take off-farm employment.

Many of the challenges that face young farmers like myself are the same as for our older counterparts—things like environmental regulation, getting access to capital money, and just basically getting a business that has to make enough at the end of the day to pay for your livelihood.

One thing that is particularly important to the beef industry here on the island, I think—if we're going to have one—is maintaining a beef plant in Albany. Without the funding of federal, provincial, as well as the beef producers of the island all working together, we are bound to slip away and no longer exist.

I ask you to be patient with the plant. I know they have good management in place now. Continue your funding if it should be asked or be called upon again to give them a little more time to work out all of their problems.

Another thing that would make it a little easier for young farmers entering into the industry.... A lot of young farmers are short on money, so when they do decide to take on beneficial management practices, such as silos and bunker storage facilities, offer them a chance to contribute to the wages and things that they do. If they do

the work themselves, give them credit for doing it on a decent and fair basis.

Another challenge that a lot of us face, and I know it's a hard one to address, is the value of the land. Where I live it's just outside of the city of Charlottetown. It's pretty hard for me to compete against the teacher and the accountant who want to buy ten acres to put a horse on. I know that's hard for you to influence, but just realize that is a problem we are facing.

That basically sums up my presentation in a nutshell.

• (1100)

The Chair: Thank you very much, Allan.

I live in an area where the second-largest industry is tourism, and everybody from the city wants to come there and own a cottage. So I know what you're talking about in competing land prices.

We'll now move to the Prince Edward Island Cattle Producers. We have Brian Morrison and Rinnie Bradley here. You have five to seven minutes, please.

Mr. Brian Morrison (Director, Prince Edward Island Cattle Producers): Good morning, ladies and gentlemen.

I'll do a quick introduction here. Our executive director, Rinnie Bradley, will read our presentation.

I'd like to welcome you all to P.E.I. Thank you for taking the time to come to visit us. We do realize that everyone has busy seasons. We're just happy that you're here to hear our comments.

Ms. Rinnie Bradley (Executive Director, Prince Edward Island Cattle Producers): Good morning, and thank you again for having us here.

I just want to talk a bit about the business risk management program. AgriStability is the first one I'd like to touch on.

A decline in the number of producers participating in AgriStability shows dissatisfaction with the program. In P.E.I., the AgriStability program has declined by over 30% in participation since 2003. There are two significant factors contributing to this decline. First, many beef producers are not able to meet the requirements of the positive reference margins. Second, many find—

The Chair: Rinnie, would you mind slowing down just a hair for the translators?

Thank you.

Ms. Rinnie Bradley: Second, many find the application somewhat cumbersome. We are concerned, because we believe producers are leaving significant federal and provincial dollars on the table as a result of these challenges.

Some solutions may be possible. Production margins, which are used to calculate the reference margins, include only eligible income minus eligible expenses. The list of eligible income and expenses could be adjusted to results in a more positive reference margin.

To qualify for AgriStability, the reference margins of the historical past five years are used to calculate the Olympic average and viability test. The Olympic average could be dropped and only the best three years and the historical past five years could be used to do the calculations.

The viability test could be dropped or altered. The CCA is currently lobbying to have the total positive reference margin requirement reduced to one out of three, while the hog industry is looking to have this requirement removed altogether, therefore allowing negative reference margins to still qualify for AgriStability coverage.

Efforts should be made to simplify the application and the supplemental forms and provide training to producers so they can adequately and confidently fill them out without incurring the high cost of professional accounting services. These extra costs are often the determining factor for many in deciding if they will participate in AgriStability.

AgriInvest: Since this program's inception, producers have been able to withdraw their money with no requirements from the federal government as to how it was to be spent. We encourage the federal government to refrain from placing restrictions on the spending of these funds until the industry improves.

AgriInsurance: We have been working with the AgriInsurance office in Charlottetown to develop a livestock insurance program for beef producers. Other provinces are also doing this, and we encourage the federal government to work with industry developing a program that provides equal coverage to producers while taking into account the different needs of the various regions of the country.

AgriRecovery: We just know of the potato industry triggering funds through AgriRecovery. But we feel unclear guidelines and unnecessary delays are experienced with this program. Some work needs to be done to clarify that and to make the next step clear once the payment has been triggered.

Then there's the cash advance program. It's been said in P.E.I. that if there was not a cash advance program, we wouldn't have a beef industry. Currently, some of our producers took out advances under severe economic hardship under the cash advance program in 2008, facing repayment of those in September. We are asking once again that the federal government defer those payments for another year until the fall of 2011.

There has been some discussion about the inventories of the cattle used as collateral for the severe economic advances, and those inventories could be released to allow the producer to take additional cash advances. However, we realize this would be a guarantee on the government's part.

I want to talk a bit about the Canada-P.E.I. agriculture stewardship program, in particular. It's available to producers in P.E.I. to address a number of environmental concerns, and they're categorized as best management practices, or BMP. For our industry, such things as manure storages, silage bunkers, fuel containment, and run-off control are areas where producers access the money. Uptake is low because of the minimal funding available. The program only covers a certain percentage of the project. However, these BMPs most beneficial to beef producers are capped between 15% and 30%.

The per capita applicant is only eligible for \$50,000. One category, product and waste management, for example, includes fuel containment, improved on-farm silage storage, and others, and they are still only eligible for one project of \$15,000 for four years. So that limits them to address only one area of environmental concern.

● (1105)

With regard to the cost of production, we face a decline in the ability to access potato waste from Cavendish Farms. That product has been diverted to a biodigester, so now our producers are faced with coming up with new feed sources.

We think that government could work with us to provide low-interest loans to producers to purchase new equipment to allow them to plant, harvest, and store these new varieties.

Loans could also be made available to do some critical repairs to existing operations and to replace barns and feed storages that in some cases are basically falling down, so there is need for capital investment there.

Quickly, we know a national price and basis insurance program is being talked about in other provinces. We're not exactly sure how this will affect us because we're not a very heavily exporting province, but we do want to make sure it's a good program if it is put in place across the country.

Brian is going to mention the Atlantic Beef Products plant, then sum it up.

Mr. Brian Morrison: The Atlantic Beef Products plant in Borden, after two or three years of negotiations, finally obtained their ACOA money, so there is some new equipment and some value-added equipment going in there. They'll be getting into the grind of business here in the next month or so, so that should improve returns for the plant, and then hopefully get back to farmers.

Another thing is the SRMs. Currently at the plant in Borden, livestock producers are deducted 20¢ a pound for this cost. In Ontario, I hear it's as high as 40¢ a pound. We've had a dealer on P.E.I. start shipping to the U.S. with no deductions for cattle aged over 30 months. So there are unfair requirements in Canada in our cattle business and we're leaving money on the table. Personally, I had three OTMs last week that cost me nearly \$700, and it's all with CFIA red tape, basically. If those were being shipped to the U.S., I wouldn't have had any deductions on them.

In conclusion, there is no silver bullet to address the problems in the beef industry on P.E.I. The reality is that we have to keep trying to do little things and bring things around. The government needs to continue to consult with the primary industries to ensure the supplies of primary products, because we've gone from 700 producers in P.E.I. to under 400 within two years. If they continue to decline, we won't have the infrastructure to keep our plant going. This has already happened to the hog industry.

Hopefully, we can work together to look after some of this red tape, we'll call it, to get some more profitability to the farm gate.

• (1110)

The Chair: Thanks, Brian.

We'll now move into questioning. Mr. Eyking, five minutes.

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

And I thank the witnesses for coming here this morning.

As we go across the country we've been hearing from many different types of agriculture, from the perspective of young people. Of course, the sad part is that we're hearing more doom and gloom than positive, but as a committee we have to pull this stuff together and try to see what we can do to help the new industries.

My question is more about what's going to happen with the potato industry in P.E.I. I understand that one thing in the North American context is that the consumption of potatoes is going down. We hear Cavendish Farms is telling growers to produce fewer potatoes. It's also my understanding that barley is a big crop rotator for potatoes and the home for a lot of barley was the hog industry, which is in a bit of a tailspin. But too much doom and gloom...where is it all going to end with the potato industry? Do you foresee we're going to have fewer potatoes being grown in P.E.I.? Is there something else that can be grown there? What can be done? Are there new markets?

The other sad part, I guess, is that the price for potatoes over the last few years is staying relatively low, so a lot of the programs that are available now you can't draw from because your markets are already too low to draw from them.

It sounds, from my side, that it's pretty doom and gloom, but is there any silver lining here? Is there any way we can turn this around? Is there another crop that's compatible? We had some grain growers here this morning with canola and things like that, but where is that industry going to be in ten years, and what can we do as a federal government to either help that industry or transform it to something else?

Mr. Matthew Ramsay: I think where we start again comes back to the information flowing between stakeholders within the industry. If the market demands that we grow fewer potatoes, then we need to be able to react to that quicker than we have been.

Where I see incredible potential is in some renewable energies. There are other crops, other than barley, that we can be putting in place. Off the top of my head, I know canola can be grown here. The oilseeds can produce biodiesel, which can in turn fuel our tractors, but that's just one example.

I think the main thing is that we take a better grip on what is going on and understand the market dynamics a little more, as would be

expected in any other industry. We need to establish some proactive farming. We're very reactive right now, and we need to start looking forward.

From the experiences that we've had, we're looking at introducing a new agricultural model, one that is not based on linear sort of production but is based on collaborative networks that support autonomous units of production, so that the upper layer runs the logistics for the units of production. In that way, we can create scalable production units whereby if we find that one crop is demanded less than the other, we have the economic bandwidths to make adjustments and to sort of transmogrify the operation so that it is producing—

Hon. Mark Eyking: I think you and Trent are both potato growers, right?

Mr. Matthew Ramsay: Yes.

Hon. Mark Eyking: So how do you see that translating down on the farm? I'm guessing you both sell to Cavendish. If they say this thing is not going to get much better, how would you see it with your crops? I know technology and interface, but how would you see it on the farm besides those rotating crops? Do you see yourselves just growing fewer and fewer potatoes?

Mr. Trent Cousins: We'd hoped that the markets would improve. That's the best-case scenario, but, yes, you look at—I don't know the exact numbers, but in our research I think in 2005 or 2007 there were 96,000 acres grown, and this year I think they're looking at 85,000.

About how I said that I didn't see a future at one point, it's because I looked at it and I said farming's kind of on its own. It's not really, but if you look at farming as any other business in any other economy, if the demand isn't there, you scale back production, right? In farming, it's harder to scale back production when you have the investment in capital and what not.

If you have a combine that can cut down 1,000 acres of barley no problem and you're only growing 500, that's a bit of an issue. That's where information-sharing comes into it with farmers. Two farmers only need one combine, instead of a combine at every farm. Things like that can help with scaling back production. I'd rather not scale back production, though.

• (1115)

Hon. Mark Eyking: So should we as a federal government encourage and help this cooperative thing among farmers, machinery cooperatives, giving cheaper loans or even outright grants to help farmers to do cooperative things, to move down that road?

Mr. Matthew Ramsay: I don't think there's any other way. We need to break traditions and we need to start getting farmers to be collaborative in the way they work. We can still preserve that autonomy, but we need a higher level, armed with a little broader sight so that we can make better use of these resource flows because, as Trent said, we can no longer afford to have this machinery and this land sitting idle.

When you combine people, you create things that you couldn't have otherwise had, and that's where we're going, because we can list a number of examples where if a collaborative network was in place, we could do these certain initiatives. But an individual farmer doesn't have the capital and he doesn't have the economies of scale to achieve these things. We need to find that intersection between the individual and the collective. We need to make it scalable and responsive to the market, and right now we're just not quite there, I don't feel.

The Chair: Thank you.

Ms. Bonsant, five minutes.

[*Translation*]

Ms. France Bonsant: You are the last group we are meeting with, and it is very interesting to see a bunch of young men so passionate about agriculture. I encourage you to continue the work that you are doing. It is true that, in Quebec, we made a social choice and we worked hard to keep supply management, but the government also made a choice about secondary and tertiary processing on dairy farms.

Mr. Gallant, you said earlier that there is a gap between producers, processors and buyers. If processors make money, you could make money too. They came to Quebec; they came to see the people who make cheese, raw milk, all those products. I do not want to tell you what you should do, but I think there would be great opportunities for those of you who are in dairy production. We ate cheese yesterday. It was good. Cheese does not taste the same across Canada because the types of cows are different, the temperature is not the same, and so on.

What do you think about getting financial assistance from the provincial government to allow you to have secondary and tertiary processing? Could that improve your income?

You can answer in English.

Mr. Mathieu Gallant: In the dairy industry, we have to knock on several doors to be able to carry out our activities; we are dealing with the environment, health care and the federation. At the same time, we must consult with community organizations and there are a lot of things to do. A young man of 25 may think he has a lot of experience, but when he shows up before such and such an organization, he is not necessarily taken seriously. It is true that they are looking for people to take the baton in agriculture, but not all young people are aware of what that takes.

Ms. France Bonsant: I did not know it was like that here. I am very pleased to find that out.

Mr. Ramsay, you talked about a shortage of workers. Are you talking about a shortage of workers specialized in repairing trucks and tractors, or in agriculture?

[*English*]

Mr. Matthew Ramsay: I think what we're talking about is creating some professional roles that currently don't exist for the youth in these industries. Currently we have a lot of seasonal work and a lot of jobs that most students out of high school or even a year or two out of university wouldn't consider professional. I don't think anyone can deny there is a trend here that sees a lot of our youth leaving for other places.

If we could employ, if we could embrace this informational age... We know the burdens of food safety; we know it's only going to get worse. As the world becomes more connected, more information is demanded from everyone. We have a generation who was born to intuitively use these technologies of communication and information-sharing. I think there's a huge opportunity to create a new role, a new information professional for the agricultural sector—and it's not even limited to that sector, but for this discussion we'll use it for that—who understands the information flows and the administrative burdens on a typical farming operation and who would be able to take that and probably do it in half of the time that most of our farmers can. I know from a personal perspective, my father will write something down four times, and he doesn't understand that by using a computer he can avoid doing all that. That's a small example, but it does demonstrate how much more well equipped our youth are to deal with these information dynamics. I think there is huge potential for us to create jobs in these collaborative structures we talk about.

Currently it's very hard to get an individual on a single farm and provide him with enough work to keep him going, but when you connect ten farmers, all of a sudden these opportunities emerge.

• (1120)

[*Translation*]

Ms. France Bonsant: That is true.

I have another question. I understand what you are saying about the labour force, but do you have access to high-speed Internet everywhere here? Is the system well distributed or are you still working at a slow and dead speed?

[*English*]

Hon. Wayne Easter: It's always dead.

Mr. Matthew Ramsay: We're getting there.

Voices: Oh, oh!

The Chair: I know. I think there are still pockets across the country. I have a few in my riding. It's getting better, but it's slow.

Mr. Allen, for five minutes.

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

My home is similarly equipped with a carrier pigeon. Everyone refuses to use a computer at my house because it's so slow.

I have a couple of questions for Matthew and Trent, and then for Mathieu at the end. When we start to talk about value-added change, it drives me half crazy, to be honest. As someone from the auto sector, I heard this for a long time. But let me give you my experience really quickly, as I only have five minutes.

The bottom of the value-added chain is the small guy who makes the bits, and he's the guy who gets run out of business at the end of the day. They go and find somebody else who wants to start by making the bits. The problem with agriculture is that you make a big bit. You make a bit that we're actually going to consume at some point, at the end of the day. But regarding the value added to agriculture, quite frankly, I wouldn't eat half of the stuff that's in the centre of the grocery store with value added to it. It's not healthy for me any more, especially at my age.

So I have difficulty with the terminology sometimes. I would ask folks to think about it, because you are not necessarily adding value to foodstuffs; the stuff you make is actually of the highest value we can possibly have. Whatever we add to it, somebody else marks it up and takes a couple more pennies for themselves. We just don't get money for you. So I'm not so sure I like the term. In fact, I know I don't like the term, and I would just ask folks to think about the terminology.

In Mathieu's case, he's talking about becoming a processor, not necessarily a primary producer—if he's talking about doing cheese. So I guess my question to Mathieu is, do you see compatibility between being a primary producer and a processor as well, or do you see a distinct difference between the two and think that you should choose? I ask this because in the dairy industry not all of you can be processors and farmers and producers. I'll go around shopping for cheese for the cheapest price and Allan may want to make it cheaper than you do, in which case you'll be running to the bottom again, and I don't think that's a good place to be.

Mr. Mathieu Gallant: With all the research that I've done, right now the way it stands—in P.E.I. anyways—you're either a producer or a processor. There's no advantage to being one or the other. One thing that's an issue is that in the pooled P-5 price, everybody pays the same thing for marketing, administration, accounting, and transportation. But say that I looked at doing some on-farm processing; I'd still have to pay the national transportation fee, even though I'm hauling my milk myself. It's just going back and forth. But no, there's really no....

I find there's a big line between the actual producer and the processor and that value-adding isn't a science; it's just something that you can do. You don't have to be a scientist to do it. If I can do it, anybody can. It's a way of encouraging more people to look at the different aspects, because you can pretty much double your income coming into that. But there's just no push for anybody to get in, because you are competing with Saputo, Agropur, and all the other large companies—though there is development now for niche markets as well.

• (1125)

Mr. Malcolm Allen: To the other two, you talked about IT and information sharing, which I find fascinating. Young folks, think about it: I think you are actually hard-wired, when you're born, to be truthful. I know my kids are about your age, and I still use a pencil

and a piece of paper. I probably write things down six times, like your dad does, and can't find the other five.

But how do you see that structure coming about? Because somebody's going to have to pay for it. Do those information technologists now become part of an agricultural department, provincially or federally, or do they work in a cooperative place? And who actually is going to fund that? Because someone is going to have to pay these folks, and they're going to want to be paid relatively well to attract them.

Mr. Matthew Ramsay: Exactly.

What currently happens is every food safety and administrative burden right now is being paid for by the farmer. We're looking at taking the total workload across, I'll say, a hypothetical network of farmers and creating a position in this that would address that total workload.

As I said, right now, on an individual farm there is just not enough work to employ a professional, and this is going to come back to total value. When I say "total value", I don't mean it in terms of the margins that are being extracted on the retail end; I mean in terms of when you combine a group of people who are trustworthy and capable of working together there is more there than there currently is as they are as individuals.

The whole is greater than the sum of the parts, and when we start talking about information that's when we get into total value. When you start combining the information of several farmers, all of a sudden you see data sets that didn't currently exist. This is our total value, and this is also where we can create enough work for a young professional to satisfy himself. But really the money part of it is being paid for right now.

We're looking at it more as a reorganization of resources to create more homogenous positions and more fully rewarding positions instead of these fragmented little tidbits of seasonal work here and there. That's really what we're coming at it from, not of creating something new that we have to pay for.

The Chair: Thank you.

Now to Mr. Armstrong, five minutes.

Mr. Scott Armstrong: I want to thank you all for coming today and presenting. I found this session very refreshing; there were some new approaches and some out-of-the-box thinking.

I have several questions.

Matthew, I think if I were a farmer in P.E.I. I would join your network, because I'd be afraid to be left behind.

You've talked a lot about, as I refer to it, maximizing organizational capacity, and using that capacity to support all the people and maximize all the value in there. Just because of the nature of your out-of-the-box thinking, new products are probably something you're looking into quite heavily.

Have you done any research or background looking into green energy production on farms? Specifically, of course wind power is something P.E.I. has taken a lead on. The other one that's been prevalent in my riding, which is Colchester Country—we grow a lot of grass—is a possible venture into grass pellets. I know P.E.I. has dabbled in that as well.

Do you have any comments on that as something we can add to develop more farm income and profitability?

Mr. Matthew Ramsay: Yes. In the discussions that we've had, renewables have been at the forefront. That comes back to this whole being greater than the sum of the parts. Certain things like wind energy and biodiesel production require a certain critical mass of capital before it's feasible. When we get into talking about reconciling the ecological with the economical, we need to look at the proper configurations, in terms of groups of farmers, that would support these things.

Actually, one of our main goals is to try to create a network that could support these renewable energies and to see these networks start being able to produce their own fuels, and fuel themselves. Because it has been done. The technology is there. We see it as something that we need to reorganize so that it becomes efficient and it makes sense. Right now to put up a huge V90 wind turbine on a single farm is not feasible. But you put ten farmers together and all of a sudden they're providing energy for themselves at a satisfiable economic burden, I would say.

If I can speak to that in any way, it would be that these networks are geared for exactly that type of thing, so that we can make the best use of all technologies and create scalable units so that we can match up the economical imperatives with the ecological ones and move forward that way. It's about creating flexibility and creating the capacity to actually make these things happen.

• (1130)

Mr. Scott Armstrong: With out-of-the-box thinking like that, it's almost like going way back in the past to old farmers' cooperatives and working together that way. Sometimes the best ideas lie in the past anyway, and we just need to apply a modern technology to them.

In addition to that, there are other renewable energy sources. There are sugar beets and other things coming up that you can employ. Government has to be able to see outside the box and be able to support a system like that. From a federal government perspective, a nationwide perspective, what types of programs or supports could we put in place to support this maximizing capacity idea that you have?

Mr. Matthew Ramsay: As we approach it, the first thing we need to get is some collaborative trust between people. That doesn't have a dollar value associated with it. It's a grassroots type of thing.

Mr. Scott Armstrong: You're asking the federal government to employ farmers to be trusting?

Mr. Matthew Ramsay: No, we're saying we're going to try to deliver on that. We realize we cannot stand back and let government throw something at us that may or may not work. We're looking to come at this from a grassroots perspective and build these networks of trust. Within that the need for capital funding is going to arise. Even to get these things, such as a shared storage space or anything

like that, off the ground, there is absolutely going to be a need for federal support. I don't want to go throwing out specific solutions before we've done the groundwork and the due diligence. Once we get together and evaluate what the opportunities are, I think it will come in the form of our being able to say "This is what we want to do as a group. Can you guys help us out to get it kick-started?"

Mr. Scott Armstrong: So a piece of the puzzle of attracting young farmers to the industry—and that's what we're talking about here today—would be having some sort of fund or grant available for innovative farm techniques or innovative organizational techniques?

Mr. Matthew Ramsay: Absolutely. Right now we're really hurting to try to get some funding in here just to get the research done, because we don't want to be making the mistake of overlooking something and 20 years down the road saying that was the wrong model. We want to make sure that a new model caters to the needs of all the stakeholders. From what we've seen so far, we think that's possible if we just approach it from a collaborative standpoint and quite frankly employ some transparency and be up front with people. It's been working for us so far.

So I guess at this point I wouldn't want to go specific on what exactly it is we need, but I know we're going to need funding in the way of getting these things off the ground. We even talked about stabilization funds among these networks. Something like that can always be kick-started with a little bit of funding to get the ball rolling. There are things like that, which we're already starting to identify, that will require funding, and we are going to be looking for federal support once we do our homework and make sure we have everyone on board. This has been described as being like trying to put a teepee together: we need everything to fall into place before we can actually call it something.

Mr. Scott Armstrong: Thank you.

The Chair: Thank you, Mr. Armstrong.

Mr. Easter, you have five minutes.

Hon. Wayne Easter: Thank you, Chair.

Thank you, folks, for coming and for the interesting presentations.

I'll start with the cattle producers first. Allan, we are doing a tour of the plant this afternoon, so the committee will get a chance to see some of the difficulty with the specified risk material removal and the plant operation.

Just with regard to the AgriStability reference margins, I want to be sure about what you're asking to hear. Last year there was in fact \$900 million less than what I feel should have been triggered that was spent on safety nets. I'd rather see the money in farmers' hands than in those of the Department of Finance, to be honest with you. All that needed to be done was to change the viability test and the way the reference margins were calculated. It still would have been compatible with trade agreements. Is that basically what you're asking for with your Olympic averaging, changing it to say your best three years?

•(1135)

Ms. Rinnie Bradley: We feel that should be examined fairly closely to make sure more producers will qualify. As we've also mentioned, the calculation of the reference margin uses particular income and expenses that could be expanded as well.

I was speaking to our administrator of the program yesterday, and he said producers are just not participating, particularly because they felt the program had not lived up to expectations, particularly after BSE. I guess one of the other challenges with the program is there's no way of distinguishing one commodity from another. It's a whole-farm program. In P.E.I., many of our large beef operations are part of a potato operation, so when those beef operations suffered from significant losses due to BSE, they were still left with 51% of the total income or revenue on the farm, so they didn't qualify for any benefits from the AgriStability program.

Hon. Wayne Easter: What we get into is internal subsidization on multi-commodity farms, which we've got to find a way around.

Just on the—what did you call it, Matthew?—paradigm shift, I guess one of the difficulties is that no matter what we do on the farm, most of the efficiencies somebody else takes advantage of. Years ago, we had hog marketing boards and other marketing boards in place, which did give us market power. Supply management still does. But if we're more efficient, those efficiencies are passed on to somebody else and somebody takes advantage of our more efficient production.

I do like your whole idea of a collaborative approach. I think one of the best examples in the world, actually, is in Germany, where livestock operations have gotten together. They put liquid manure pits in all their operations. The liquid manure is picked up the same as a milk truck picks up milk, and it's trucked to a central depot. From that they produce hydroelectricity, there's water left over for irrigation, and some of the biomass goes back in the land as organic matter. That's what can be done.

Regardless of all the efficiencies that you can put in place through collaboration and other means, whether it's cheaper hydroelectricity through windmills and collaborating that way, how do we establish a balance of market power between primary producers and farmers and everything else they do and the industrial sector?

Mr. Matthew Ramsay: To start off with, efficiency isn't the only thing that... Efficiency goes without saying. It implies something already in place for it to make sense—there's something at work and we're going to try to make it more efficient.

We're looking at actually creating something new. We're looking at an innovative business model. We don't think the answer lies solely in efficiency, just to clear that up.

Hon. Wayne Easter: I want to interrupt you for a second, because we're going to run out of time.

In terms of the proposal you're putting forward—and I like the thinking out of the box—what role can governments play, both federal and provincial, if any, or what role do you expect them to play?

Mr. Matthew Ramsay: As I said before, we're looking to take this and build it from the bottom up, because I think this has to start and end with farmers working together—a few men in a room and

who knows where it will go from there. We're past that point. We know that we can bring farmers together. We know this. We have the primary data in hand.

Where government is going to come in for us is when we establish our networks, identify the primary areas that each sector of the network is going to be responsible for, and highlight some initiatives that we want to start implementing. That is when government is going to come in and hopefully provide us with funding. Not only that, if we do find a suitable, scalable, and sustainable model that will help to secure a future in agriculture, we're going to need the government to help promote and push it across.

We've already discussed this with the provincial government, but I think at some point if we can work together and find a model that can meet the demands of today's farmer, then the role of everyone will be to embrace it, and to try to play whatever part they can.

Again, I don't want to get into specifics, because it would just be pointless, but we're not asking you guys to solve the problem. We're just asking to meet us halfway. We plan on starting this at a grassroots level, and we hope that if we can demonstrate the value in it, we can continue to get that support.

•(1140)

The Chair: Thank you, Matthew.

Now I'll move to Mr. Shipley for five minutes.

Mr. Bev Shipley: Thanks a lot, folks, for coming out.

Actually, in the discussion this morning, Matthew and Mr. Gallant, you were talking about taking the processing, and moving on, how do we become profitable in the marketplace? How do we become part of that, if we take the risk and we become part of the benefits that come in taking us beyond, a price-taker in terms of our product?

Mr. Gallant, I want to talk about a couple of things. One is what you mentioned about moving on in terms of value added to primary production. I'd also like to hear your comment about your place and how you see that succession plan working. Is there much planning, quite honestly, in farm families in terms of moving that from one generation to the next?

Secondly, you've touched on something that was talked about in New Brunswick. This was set up under a dairy management group. It talked more about the production management, building a competence within a group of seven or nine producers, or whatever it was. They were given an A or a B, or a 1, 2, or 3, and no names were attached. They've actually built that competence and shared information based on that competence—now they know who A is and who B is—to become more aggressive in their efficiencies.

Also there is your part, and their part also, about what to do now in terms of going beyond just the efficiency part of it. This is the most exciting part, because when I was actively farming, I was in dairy and in the open market, and we basically, at the start, grew crops for food. That's what we did. Now—and this is what you're talking about—we grow crops for food, for industry, for nutraceuticals, and maybe for the pharmacy. I don't know what all we'll grow crops for, but it still comes back to we still have that product for food. That's where you're taking us. That's where we need to bring together those thoughts in some sort of innovation funding with the research to help.

Is that the area? Are we hearing it right from you?

Mr. Matthew Ramsay: Again, we come to you not with any specific answers. We're still asking these questions.

Mr. Bev Shipley: So as a framework.

Mr. Matthew Ramsay: Yes, and I think what we're looking to do is establish a framework that is reflective of the total field, which is the ecological and the economical, and basically the issues that we've gotten from the farmers we've spoken to, which are echoed across the country. I think it would be foolish to just start implementing things before we did a little more research. So I think this is about dollars and innovation and trying to secure a model that works before we start building castles.

A voice: Baby steps.

Mr. Matthew Ramsay: Yes.

• (1145)

Mr. Bev Shipley: Does that have to be regional? How do you see this? Would it be national, which would actually become regional?

I'll give you an example. We had a presidents' council that was actually about promotion of agriculture, promotion of agricultural products.

Federally, we can do some things. We have great Canadian food, and it's nutritious; everyone should buy it. When you come down to the regional level, you say, well, you should buy P.E.I. potatoes. Locally, the organizations say this is what we produce locally in our markets.

So how do you see this?

Mr. Matthew Ramsay: I see it as regional and I see it as a bottom-up approach, because I think this collaborative trust can only be built by starting with a few farmers, and then when those few farmers see the added value they've created by cooperating and making use of these idle resources, that will start a bit of a chain reaction.

I don't think we can come to people with some sort of preordained framework and say "Here, you follow this, and you guys follow this." I think we need pilot projects. We really need to start it and validate it in action.

Mr. Bev Shipley: So do you see it, then, coming locally and with your regionals or your provinces? You'd say, "This really worked in P.E.I. and New Brunswick", and then go to the national level and say, "How do we get this innovation funding?"

Mr. Matthew Ramsay: Yes, and that's why we try to keep it as an abstract framework for agriculture. We don't want to tie it into specific geography. We want to look at the total field, the demands that are on farmers, the issues they face, and also reconcile that with the global economy. This is a huge thing we tend to underestimate.

Food safety is arguably tied to global trends and information demands, and this is only going to get worse. A new framework needs to be sensitive to those things as well. It needs to be holistic. But to answer your question, this is going to be something that starts from the ground up where government is going to meet us in the middle and help us out with what we find we're going to need, because it is a very iterative and adaptive process. I can't tell you where this is going to be in a month, but I know it's going to be somewhere, based on the momentum we have so far.

To answer your question, it's definitely more a regional thing than something that would be outlined on a national level.

Mr. Bev Shipley: I know Mr. Gallant doesn't have time, but if he has something he could give us afterwards in terms of succession, that would be appreciated.

The Chair: If you have a comment on that, I'll allow it, Mathieu.

Mr. Mathieu Gallant: I'll just go for it.

There are two things. First, on the succession planning, one thing is you have to realize we're leading busy lives, and succession planning is a little taboo in every farming business. You're working with family, and it's touchy. But having somebody come in, whether it be federally or provincially, and just help us to work together, not do the bulk of the work but guide us in the right direction.... I know how my dad got the farm: it was a phone call in university saying they were putting the pipeline in, and if he wasn't coming, they were quitting dairy. That was the succession plan. So I was waiting for that call at college myself.

Another thing I'd like to note is in the recent economic crisis the Government of Canada put in a home renovation tax credit. I found the idea was great, and we could do the same thing for agriculture to encourage buying local. We need to get together with the Department of Education and put together a food sovereignty program. Consumers don't know where their food comes from, obviously, and there is a big market for retail, processing, commercialization, which are all jobs people can live off, but when you're graduating from high school you're either going into administration, plumbing, welding, or the basic jobs. If we could do something Canada-wide, something like the home renovation, which would be tax-related, so if I'm in P.E.I. and I saved all my bar codes from all the P.E.I. products, I might be eligible for \$500 in tax rebates or something like that to encourage home agriculture and to see it does make a difference to support it.

• (1150)

The Chair: Thank you very much, Mathieu.

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

Mr. Randy Hoback: Thank you, Chair.

Even though we're in P.E.I. and I'm from Saskatchewan, the issues are much the same. When we look at young farmers and trying to get young farmers into agriculture, a lot of them would say the same things, maybe about different commodities or different products, but much the same.

The one thing that was consistent, and I'm going to start off with this, was the 30-month-and-over cattle going to the U.S. That is a big problem, not just here but out west too, because if we want a packing industry, all of a sudden they're at \$30 or \$40 a head disadvantage to buy that cow, and more than likely that's heading back into Canada after it's been slaughtered and processed. So that's something we really need to look at addressing, especially considering the cow numbers in the U.S. are at all-time lows. I don't know if this problem is going to get any better. It can get worse. It might be good for the farmer over the short term, but long term I have some concerns.

That's one of the concerns I have with your processing plant you are talking about here. We tried to do that in Saskatchewan. We had a farmer-owned processing plant. When BSE hit, everybody was gung-ho to support it—yes, they needed it. We got it up and running, and as soon as things faded out and they could get a nickel higher somewhere else, guess what? They went somewhere else. And guess what? That plant closed.

What have you put in place to keep your plant viable through something like that?

Mr. Brian Morrison: At the plant in Borden we have a hook-owners' cooperative, in which every animal that goes into the plant, basically the farmers have bought in shares type of deal. The plant to this point has not been buying up to its capacity, so as of now supply has not been a problem, but that could happen in the future. As cattle producers, we're promoting quite heavily to get into a branded product, so that we start from a cow-calf producer and produce right up to the point that it does go to the plant. We're trying to implement a bonus system to advocate that, and to really build loyalty between our cow-calf producers, our feedlot and our plant. So that's what we're working on at the association to make sure the supply is there for the plant.

Mr. Randy Hoback: My next question kind of goes to where you're at, Matthew, I think, the cluster system and looking at clusters. We looked at one in Lanigan, Saskatchewan, where we have a feedlot and an ethanol plant. Again, there was a group of farmers who got together and said they didn't like the price of barley any more, so they started out with a feedlot. That was their way to process their barley, then they moved on from the feedlot and said, "You know, if we made ethanol, we could extract more value." The ethanol would go to the gas market and the dried distillers grain could actually go right back to the feedlot as a protein.

That's one thing I think we sell ourselves short on as farmers: that we don't necessarily grow wheat, barley, oats, and potatoes any more. We grow starch, we grow protein, we grow a whole pile of other things that are used in all non-food applications. In the same breath, I don't apologize for that, because if they want the food, the price will go up and they'll buy the food. If they don't want the food... If you're going to pay me to grow protein or starch, well, that's what I'll grow.

Have you identified any of those clusters for P.E.I.?

Mr. Matthew Ramsay: I guess to briefly speak to that, I think that reinforces why we need to have these clusters. It's very adaptive and forward-thinking. I have a little bit of a background in industrial ecology, and a little bit with integrated biosystems. On a very high level we're beginning to identify some possibilities for clustering around here. If you have a dairy farm up the road, a potato farm will cull potatoes, and there are a lot of opportunities for anaerobic digestion. Even the thought of heating a warehouse with your own rotten potatoes that would normally go to waste.... Well, they don't go to waste in so many ways, but it would be so much more efficient a way of putting those things to use. The digestate from that is actually the best fertilizer you can get, I've been told. It gets into the ground at a tenfold rate compared with traditional fertilizers.

Again, this comes back to the critical mass necessary to make these things happen. One farmer cannot do it, but ten can.

• (1155)

Mr. Randy Hoback: Wouldn't it be wiser, instead of an ad hoc payment or so much a head that's going to get basically eaten up in the marketplace or given away, for the government to look at bridge funding to get projects like that up and going?

Mr. Matthew Ramsay: Absolutely, yes. I think that's what we're advocating here. It is to not look at this as throwing money at something and hoping it will work for itself, but to let us as farmers and citizens do the ground work and discuss among ourselves what we want to see happen. In my mind, that's how democracy works. We cannot stand back and expect you guys to answer things for us. This is our country too, and we need to be doing this. Through our approach, I would like to see us identify and analyze the situation and then be able to come to you guys and be specific and tell you exactly what we want to do, where the money's going to go and why it's going to actually create excess value when it does go there. The last thing we want to do is see this money, as you say, sort of dissipate. We want it to actually create value and create momentum.

Mr. Randy Hoback: That's exactly what we saw in Lanigan in that situation. We also saw it in Saskatchewan in inland terminals. It doesn't only have to go to ethanol. It can go to, you know, maybe timothy straw or hay.

Mr. Trent Cousins: It may need some initial funding from government at some level, and then you'd not have to need it any more after you get up and running, once it's viable and using the waste products from wherever.

The Chair: Thank you very much.

We just have a couple of minutes. As always, it seems like we never have enough time.

Just one thing. Matthew, you talked earlier about machinery co-ops, or sharing of equipment. That's something I can use in my instance. Twenty-five or thirty years ago I had my own harvest equipment for making silage, whether it be haylage or corn silage. I was growing about 150 acres of barley at the time, and I was thinking I should buy a combine. But I had a neighbour down the road with a brand-new one, so I made a deal with him. I did all his silage work for him and he did all my combining.

I don't think it's a new idea. I guess the reason I brought it up is to me it's something that is common sense and something that producers should do. The trouble is we're all so damn independent—I am, as a farmer—and we think we've got to own something. That's actually to our detriment.

I see you nodding your head in agreement.

Mr. Matthew Ramsay: We have really tried to introduce a layer of autonomy into this. We can't take things from farmers; we need to let them do their thing. We don't in any way deny that. It is something we are completely in agreement with.

The Chair: Okay. Thank you.

Just one last thing to Rinnie and Brian.

We talk about programs and what have you. I don't think we'll ever come up with programs that are perfect, but we've heard a lot of testimony across the country in the beef and pork industry. I did milk cows in the eighties, as well as my beef operation, but I've always been a beef farmer, so I know about BSE and what we're going through right now.

But a number of guys tell me in the riding, and we've heard testimony in different provinces, that the numbers are too high. The dollar is an issue that of course government can't do anything about.

We could always manage when it was in that 65¢ to 75¢ range. But today we don't have that advantage, so we have to cope, and the only way to do that is to get our numbers in pork and beef down where they sell.

My point in bringing this up is that more than one person in my riding and at these committee meetings has said if you keep handing out money to a sector where there's an oversupply, all you're doing is making it worse. The guys who have said that are guys who are going through the same dang thing as your beef producers and as my younger brother who's farming my land.

It's kind of a catch-22. We want to do something, but if you throw away your farmer's and politician's hat and be a taxpayer, there's no way we should be, in my opinion anyway, subsidizing food that somebody in Hong Kong or California or any other place is eating. So we have to somehow come up with an idea or a way to protect our domestic food supply, because I think everybody's in favour of that, but not in any way contribute to oversupply. Oversupply, or I guess in reverse, exports, is overproduction, and I just am not a believer in supporting, basically, overproduction. And I see Rinnie shaking her head to that. It's very complex.

Anyway, we do have to close out. We have to leave beautiful P.E. I. later today. We are going to Cavendish Farms, and I believe to a beef plant.

Thanks very much to all of you for taking the time out of your busy days to be here. It's very important. Again, we know it's a busy time of the year, but it always is for farmers. That's my experience.

Thanks again, and best of luck to all of you in your endeavours.

The meeting is adjourned.

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