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Tuesday, November 30, 2010

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Chair

Mr. Larry Miller

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• (0850)

[English]

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

I welcome our witnesses. Thank you very much for coming on reasonably short notice.

A comment for committee members: the last 15 minutes of the meeting is reserved for discussion of a budget proposal with regard to the study of biotech. We'll have a chance to look at that.

With no further ado, we'll move to Mr. Ernie Mutch, president of the Prince Edward Island Federation of Agriculture.

You have 10 minutes or less, Ernie, please.

Mr. Ernie Mutch (President, Prince Edward Island Federation of Agriculture): Thank you, Mr. Chairman, for the opportunity to appear before your committee.

I'm here today to express the concerns of livestock producers in my province, Prince Edward Island, concerning the proposed repayment of the advance payment loans.

First, I'd like to say that the advance payment program has been very beneficial in general to the agriculture sector and has provided much-needed capital to our producers. In P.E.I. alone, over \$50 million has been advanced to producers, covering all commodities.

Under the 2008 severe economic hardship advances, P.E.I. has 156 livestock loans totalling more than \$17 million. This is about four times more than all the other maritime provinces combined. I guess the reason for that is that we were able to utilize this program more than the other provinces in the region because of our larger cattle and hog feeding industries.

The original market environment that generated the need for the severe economic hardship loans has changed very little since 2008. I would say it has probably worsened since then. During recent short-term price spikes in the hog sector, the regional cost of production has dictated that our producers have not been able to repay all their mounting debt positions. Cattle have not recovered from the BSE crisis in 2003, and during the period of 2008, severe economic hardship loans, the loss of market value, and the increase in feed costs have offset the value per head received under the advance payment program. The ethanol demand and the loss of potato waste to P.E.I. producers have driven up our feed costs a minimum of \$100 per head in our cattle industry.

Since 2007, we have lost approximately 80% of our hog producers and 50% of our beef producers. If P.E.I. producers are forced to repay these loans in the timeframes outlined under the latest day of default, we will certainly lose more.

Financial institutions have been removing themselves from exposure in the livestock industry. This position has resulted in lending bodies being unwilling to take second place on securities. Many producers will be unable to get priority agreements signed, even if they still have inventory to roll the old loans into current advances. Producers who are able to only roll a portion of their old loans into new advances will not have the cash to pay out the remaining balance within the required production period, forcing them into default on the entire advance payment program. This applies especially to 2008 hog loans, which were based on annual sales under the severe economic hardship advances, and any new loans taken out now will be based only on inventory. That will amount to about 60% less that they will be allowed to secure under the advance payment program because of the change.

P.E.I. has a percentage of livestock producers who are multi-commodity but depend on advance payment loans for other inventories, such as potatoes and grain. If these producers are put into a default position because of being unable to deal with the outstanding livestock debt, they will be further implicated in their inability to access loans for those other commodities as well. We have a number of producers who finish cattle and hogs on P.E.I. who are also mainly potato growers. If this in fact is what's going to happen to their loan program and they go into default, they are not eligible for any money under the APP program for their other commodities.

Our producers have told us they are willing to repay the loans. When we took the loans out under the advance payment program, we realized they were loans and we would have to pay them back. But we cannot realistically afford to do so within the current proposed timeframe.

I don't know if you realize the timeframe we are talking about. In the livestock severe economic hardship loans, we have to start paying back on June 1, 2011, and in the hogs it is March 2012. They have to be paid back within a 10-month period.

We have asked the government to consider turning out these loans over a longer period of time or to tie the repayment to profitability, so as to not place them in a default position.

● (0855)

Those are all my written comments. Hopefully, I'll be able to answer some of your questions.

The Chair: Thanks very much, Ernie.

We'll now move to Brian Gilroy, chair of the Ontario Fruit and Vegetable Growers' Association.

Welcome, Brian.

Mr. Brian Gilroy (Chair, Ontario Fruit and Vegetable Growers' Association): Thanks, Larry.

Good morning. Thank you for the opportunity to appear before the standing committee to talk about the agricultural disaster relief programs.

My name is Brian Gilroy. I'm an apple farmer located just south of Meaford, Ontario, which is located in your chair's riding. I am also the chair of the Ontario Apple Growers and the Ontario Fruit and Vegetable Growers' Association.

It was August 20, 2009, and the Ontario fruit and vegetable growers had just completed a two-day summer meeting that included an extensive tour of the area, highlighting the unique climate we enjoy in the bay. There had been reports of tornado sightings in the area, and at about 8 p.m. I received a call from a friend saying that another friend's son's farm had just been hit by a tornado. I quickly gathered some food, drink, and flashlights and drove to the scene.

The tornado had gone through the area at around five o'clock, and the damage to the buildings, trees, hydro lines, etc., directly in its path was unbelievable. The fellow's farm that I went to try to help out with...he'd just purchased it that spring. When the tornado touched down there, it was classified as an F2, but when I did some reading on tornadoes, it in fact picked up speed and was at an F3 velocity when it hit his farm.

It picked up a 100- by 200-foot pig barn off its footings and dropped it 100 feet further up. It picked up two school buses and twisted them up in the air. One landed where the pig barn used to be and one landed over in the orchard. It was about a kilometre wide where it went through, and it was just like a war zone. Debris was flying about. There was a brand-new stone house. Pieces of apple bins that had been picked up went through every window in the building and tore parts of the roof off. It was just unbelievable. I don't know whether you folks have ever been to a tornado site before, but it's pretty hard to fathom. It picked up a grain bin from

one farm and deposited it two kilometres away in the middle of an apple orchard.

Needless to say, the damage was extensive. It destroyed a little over 100 acres of orchard through a number of different growers' places. It affected approximately 15 apple farmers in the area, 12 seriously. About six received devastating damage.

Right away, by August 25, we'd organized a meeting with all the affected growers and some of the political leaders in the area. Jim Wilson, our MPP, and a representative from Helena Guergis' riding came together with the provincial Agricorp people and talked about what kind of help and assistance could be made available to them.

It became clear that there were a number of steps that needed to be taken before AgriRecovery could be applied for. Right away, an Ontario disaster relief assistance program application was made by the affected municipalities. It was a pool application that was applied for. That allowed us to do some fundraising that leveraged provincial money; for every dollar raised from local fundraising, two dollars were matched by the province. That was one of the steps that was required to access AgriRecovery.

The crop insurance people were very helpful, as helpful as they could be. One thing that Ontario has is a tree loss program for orchards. It's offered free, but it also has a 7.5% minimum threshold. You have to lose more than 7.5% of your trees—it's sort of a deductible—before you can make any claim at all. And if you're a grower with more than one site, and this was the only site affected, it could mean that you would absolutely receive nothing for very serious losses.

One of the first things I recommended that we do was to get a hold of the Mennonite disaster relief people, who were there the very next day with close to 50 people, helping and gathering up all the debris and stuff that had flown around. They were an incredible help in allowing people to see the light at the end of the tunnel.

● (0900)

When you're faced with debris and tree limbs and stuff everywhere, it's pretty hard to be hopeful. These people were in a state of shock, and one of our long-time apple growers—we call him "The Thinker", because he's such a methodical man when it comes to dealing with things—was affected as badly, if not worse, than anyone else. I've never seen him so low, and I mean low and just about out of it.

When I researched what had happened before, when an orchard had been hit by a tornado like this, basically the farmers went out of business. I'm pleased to report that because of the assistance that ODRAP crop insurance and AgriRecovery were able to provide, none of the farmers affected will go out of business because of this event.

When I talked with people, they said they had received their AgriRecovery assistance as of the end of October. So it was about 15 months after the event that they received compensation from AgriRecovery. A lot of people felt that was a long time, but I tried to convince them that when dealing with three levels of government, having the payment in that period of time was a pretty positive thing.

Am I getting close to my 10 minutes?

The Chair: You have three minutes left.

Mr. Brian Gilroy: Okay.

Severe weather is pretty common. With the degree of damage caused in our area, the actual crop loss for that year was about \$1.5 million. The damage to infrastructure and whatnot was again over \$1 million. Most of that was insured, as AgriRecovery is designed to cover what no other program will cover. For the most part, it did a reasonable job.

In the Leamington area, this past July, a series of tornadoes seriously affected a number of apple growers. The problem there was that the premier of the province came in and offered the municipalities immediate assistance, which meant that the areas weren't declared a disaster area, which limited their ability to access these other programs. I don't think it was done intentionally, but it actually hurt the agricultural producers in the Leamington area, because they couldn't apply for ODRAP and AgriRecovery. One of the key criteria for AgriRecovery is that a disaster must have had a significant impact on the industry as a whole. The tornado in our area affected over 10% of the apple-producing area.

Even though a lot of trees were affected, it takes time for that to become visible. One suggestion by one of the growers was that the damage was down the road. He figured he had about 20 acres that would have to come out of production because of the effect of the tornado, but it wasn't visible at all until about August of this year.

So it's pretty good, but there's a lot of room for improvement. If tweaking is to take place, please consult with the producers, who know the program and how it has affected them.

Thank you.

• (0905)

The Chair: Thank you, Brian.

We now move to Linda Oliver, who is here as an individual.

Ms. Linda Oliver (As an Individual): I hope I don't run over my 10 minutes, but we'll see here.

The Chair: I'll give you a two-minute warning.

Ms. Linda Oliver: Thank you very much for giving me this opportunity to speak today. My name is Linda Oliver, and I'm from Mozart, Saskatchewan, which happens to be one of the soggiest areas in Canada. My husband, Brian, and I operate a 250-cow herd. I speak only as a cow-calf producer, not as a mixed farmer.

There are three issues that I would like to address today. The first issue is that of AgriStability. Everybody—everybody—knows that it has failed the cow-calf producers. Following BSE day, on May 20, 2003, not one politician imagined that the effects of that disease would affect livestock prices for so many years in a row. That was

the biggest problem. After that BSE day, there were two factors that came into play.

Number one, historically, cow-calf producers have been able to survive a lot. We've survived the problems on our own. After many calls to bureaucrats and politicians, we gave up and were left to survive on our own. But we have never experienced a year like 2010. That is on top of the BSE years. And AgriStability has given the cow-calf producers no cushion whatsoever to be able to buy hay or grain in this year.

The second thing that came into play is that agriculture ministers refuse to admit that AgriStability is the problem. Regretfully, they had not planned for disastrous incomes for so many years in a row; it's only meant to compensate if there is a disaster for a year or two. Mr. Vanclief established a new insurance program, and it was called CAIS. After his tenure, there were three short-term agriculture ministers: Speller, Mitchell, and Strahl. After many calls to them, none of them knew how to correct the mistake. Mr. Ritz came to the forefront in 2007. By then I believe the government had adopted the policy of "Too expensive, can't fix it, won't fix it." I spoke to Jim Scott—and I spoke to him several times—in Mr. Ritz's Ottawa office. I'll never forget his quote. He said, "Yes, unfortunately, Mrs. Oliver, AgriStability does not work in this situation." He went on to say that it would be too complicated and too expensive to correct. Mr. Scott has not returned my calls for the last year or more.

A disaster program such as AgriRecovery, to assist farmers in a situation that was beyond their control, should have been balanced right there and then. Governments need to be morally responsible. We should not have to resort to prodding.

I have two BSE examples.

BSE example number one: Sometime in 2004 we sold three cows at auction that were ready for slaughter. That means they are ready to be ground into hamburger. The average price for those three cows was \$25.52. At Wendy's, McDonald's, or Burger King, the cost of the meat for their quarter-pounders was 2.05¢. They should have had a real hamburger sale.

BSE example number two: On BSE day 2003, we sold a 700-pound steer for \$1.56 a pound. That was the top of the market, so I don't expect to get the top all the time. In the fall of 2009, 700-pound steers were selling for 85¢ a pound. I'll transpose that into wages. In 2003 I could earn \$1,560 a week. In late 2009 I would only earn \$850 a week. That's a huge difference. The difference is that if you and I make those same wages, we both have to get our living expenses out of it, but I still have to get my farming expenses out of that \$850 a week. That's a huge difference. Actually, the cattle prices in the first half of this year have been comparable to the prices of 1988; they're within 2¢ to 3¢ to 4¢ of the 1988 prices. There has been a huge problem.

With AgriStability being a bust, AgriInvest becomes a joke, because AgriStability and AgriInvest go hand in hand. Cow-calf producers did not receive anything from AgriInvest either. Is it any wonder that cow-calf producers have no savings account left, no cushion to carry us through this second issue, which is AgriRecovery?

• (0910)

The July 8 announcement made by Mr. Ritz was that \$30 per acre for drowned-out acres was to be given to grain producers province-wide. For some producers, maybe that payment was enough. But for those RMs that were declared disaster areas, more was needed. Mr. Ritz and Mr. Bjornerud should have realized that some areas were worse than others. Some of the farmers in our area absolutely mudded in. They had custom sprayers come in. The custom sprayers went in, made ruts, and left, because they couldn't complete the job.

To make matters worse, there was no mention of livestock in that July 8 announcement. Jill Clark and Tim Highmoor of Mr. Bjornerud's office assured me all summer that they were monitoring the situation. I believed them. But the damage done by Mother Nature, when dealing with excess moisture, is far more complicated to assess when you are dealing with live animals.

Number one, we did have flooded hay acres. There was no compensation for that.

Number two, we did have flooded tame grass pastures. Cows were eating grass that was loaded with water and sorely lacking in nutrients. If the cows don't do well, the calves don't do well. Cows are coming home now in the fall at a lighter weight, which is another loss.

Number three, we did have flooded native pastures, and that is quite different. These are pristine ecosystems and will take seven to ten years to recover. How will we be compensated for that? You don't reseed native pastures.

Number four, mosquitoes were a huge issue this summer. They were unreal. We lost a whole breeding cycle on about 65 cows that we kept at home. Our calves will therefore be born a month later next year, so that's a long-term issue. The cows and bulls simply had things other than sex on their minds. Every day, they trampled a new area of pasture into mud.

Number five, we had to feed cows at home until June 23.

Number six, cows will not suck an udder that's muddy.

Number seven, there were death losses.

There are pockets in Manitoba and Saskatchewan where the conditions are absolutely, unbelievably, worse now. We have had a lot of rain and a lot of snow. We can't get out to the fields to get our hay bales home because we had a lot of rain and about 12 inches of snow that melted and sat there. Two weeks later we got 15 inches of snow. It sits there like an insulation, and we can't get out to the fields to get them. I don't know if there's any kind of helicopter relief or whatever.

I am speaking from one of the wettest pockets of a disaster area, and there are other areas that are just as bad—in the Interlakes in Manitoba, around Hudson's Bay, in Saskatchewan, and a strip in our area. It is absolutely incredible.

Because of the failure of the above two programs, it is impossible for cow-calf producers to make proper business decisions. It was beyond our control—BSE and then the weather of 2010.

Thank you for your time.

• (0915)

The Chair: Thank you very much, Ms. Oliver.

We'll move to questioning in a seven-minute round.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

Thank you, Ernie, Brian, and Linda for coming here and outlining your concerns in a number of areas, actually.

I might ask you, Mr. Chair, if you could think about the committee finding fairly quickly perhaps half an hour to see if we can discuss some recommendations that we could put forward to the minister to deal with some of the problems we've heard about over the last three meetings. We could draft a motion, but I think it would be preferable if we sat down as a committee to see if we could find some common ground to make some suggestions. Could you think about that?

Ernie, on the targeted advance, one of the concerns I have is that the department basically confirmed for us here on Thursday that under the program, the way it's laid out at the moment, with the minister's announcement, if you can't pay, you're certainly in default. Producers who go into default will be charged interest on the loan, back to the origination of the loan, including the up to \$100,000 interest-free amount. Although the interest will be at a low rate, at a quarter of 1%, it's still interest going back to the beginning of the loan. As you mentioned in your remarks, we have a lot of multi-commodity producers in P.E.I., and Ms. Jody Aylard said under questioning that people in those other commodities would lose their rights to advance payments if they defaulted in another commodity—and that's extremely serious.

So my first question is, if we can't find a way to change that aspect, what will the impact be? On the one hand, people going into default is one thing, and it's serious, but second, what would the impact be of losing the advance payments for other commodities?

Mr. Ernie Mutch: Most of our agriculture industry is based on potato production in P.E.I., and most of those producers have advance payments. As you said, we do have a lot of multi-commodity producers, so I think the impact would be quite substantial. A lot of those producers are using the advance payments to access up to \$400,000 in operating capital, and if they lost that and had to go back to the banks to look for extra operating capital, I think they would be in trouble.

Hon. Wayne Easter: So simply put, it would add to the financial burden. It would basically push a producer closer to the brink, if I can put it that way.

Mr. Ernie Mutch: Especially when all commodities are struggling. There are no commodities we deal with that are really flourishing, including potatoes.

Hon. Wayne Easter: Yes, that's true.

Anyone can answer this, but the minister said when he made the original announcement for the targeted advance payments—which we said at the time was another loan rather than a per diem payment—that those would remain in place until such time as economic conditions improved.

Do you think those times are here yet?

Mr. Ernie Mutch: No.

• (0920)

Hon. Wayne Easter: Have economic conditions improved such that they would meet the minister's word?

Mr. Ernie Mutch: Actually, I think they've become worse since he said that, especially in the livestock sector.

Hon. Wayne Easter: Okay. Thank you.

Ernie, before I turn to Linda, the other thing you mentioned was the priority agreements with the banks. Could you explain those to me? I've talked to several producers whose concern is that the chartered banking community is just not going to be there for producers. Explain priority agreements from your perspective and whether the banks are going to be there.

Mr. Ernie Mutch: Prior to 2008, when I secured an advance payment loan, I had to get a priority agreement from my bank. When the government announced the severe economic hardship advances in 2008, you didn't require that agreement for your regular advance payment program. Now, for the producers who still have inventory left and are able to roll the present severe economic hardship money over into the new program, into the regular advance payment program, they will now have to go to the bank to secure priority agreements. I guess because of the state of the industry, where a lot of producers have burned up a lot of their equity, there's a concern that the banks are not going to give them that priority agreement, so that advance payment would take precedence over the banks' loans.

Hon. Wayne Easter: So if they can't get a priority agreement from the bank, is it correct that the government will not...? What are the implications of that?

Mr. Ernie Mutch: They won't be allowed to get an advance payment program and they won't be allowed to roll over their present severe economic hardship money into another loan. They would have to have that priority agreement.

Hon. Wayne Easter: Okay. Thanks.

It's strange. Here we have a situation, at least in P.E.I., where our Atlantic beef plant just received an honour for producing some of the best beef in the country, and now we have beef producers who are not going to be able to produce it because they can't meet their commitments.

Linda, you said there's been no announcement for livestock in western Canada. We've certainly received a lot of e-mails from you on that, which I appreciate because they outline the concerns of producers on the ground.

Has anything been announced for the livestock industry, and if so, how far short does it fall? Obviously, you said there have been announcements for the grain industry for acre payments, but how far short do the measures for the livestock industry fall?

Ms. Linda Oliver: There hasn't been any 60-40 split announcement. Mr. Björnerud did announce that the province would provide aid with trucking, either trucking your cows to the hay or trucking hay to the cows. But the problem is that none of the cow-calf producers can afford to buy the hay or the grain, and if you truck your cows to the hay, you're going to have to pay that producer to custom feed your cows. So either way, the cow-calf producers don't have any cushion of funds to book a trucker.

Hon. Wayne Easter: So there's been nothing from the feds?

Ms. Linda Oliver: No.

Hon. Wayne Easter: That's pretty sad.

The Chair: The time is up.

Mr. Bellavance for seven minutes.

• (0925)

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Good morning and welcome. Thank you for your testimony.

Mr. Gilroy, this is not the first time we have met. I seem to remember that, last time we saw each other, you brought us Ontario apples. I see that, today, there unfortunately aren't any apples. I'm just kidding.

Your testimonies are very valuable to us when we're reviewing programs. You're in the field, you're directly affected by all the risk management programs.

Mr. Mutch, if you don't mind, I would like to ask you a question about the Advance Payments Program. I just want to know whether, in Prince Edward Island, you were faced with the same situation as we were in Quebec. On August 6, the minister announced that a stay of default would be applied to the Advanced Payments Program. During the discussions with the Department of Agriculture, Quebec producers understood that no retroactive penalties would be applied to producers. Prior to the August 6 announcement, and even once the announcement had been made, the producers were under this impression. Afterwards, we learned that a retroactive penalty would apply to producers who sign a repayment agreement.

On November 18, the minister appeared before the committee. I asked him about this matter, and he told us that there was a penalty, but that it was not very high. It was set at one-quarter of 1%. I agree that it's not a very high penalty. However, I was wondering whether producers from the rest of Canada also thought there would be no penalty, until it was suddenly announced that there would be one.

I would like to hear your opinion on this subject.

[English]

Mr. Ernie Mutch: Yes, I think it was our understanding as well that there would be no penalty. The penalty that was originally stated would have been more than it is. I think the minister has reduced the penalty from what it previously was, so that's a help.

But getting back to the repayment, it's our position as producers that to be asked to repay \$100,000 or \$200,000 over a 10-month period...with the state of our industry, it's going to be impossible for us to do that. It's going to force more people out of business.

I think if government is really concerned about our industry and keeping what we have left, this proposed program that they announced is just another nail in the coffin for the producers who are still struggling out there.

[Translation]

Mr. André Bellavance: Mr. Gilroy, earlier, you were telling us that the AgriRecovery program had been useful to your producers in the aftermath of certain natural disasters, such as tornados.

You are eligible for AgriRecovery because AgriStability is currently working for you. The Olympic average of the AgriStability program is currently high enough to allow you to benefit from this program in the areas of truck farming and horticultural production. However, you could just as well be ruled ineligible for this program, as was the case for cash crop producers with low averages over a 10-year period. The fact remains that this is the kind of program under which you could have not benefited from the assistance you received following the tornado had the natural disaster been preceded by several poor or average years.

I would like to know what you think about this.

In the case of AgriStability, many testimonies echoed what you said when we discussed the program for agricultural stabilization. Witnesses have said that we should, at least, take into account production costs in order to avoid outcomes where certain categories

of producers are unable to benefit from the program for several years.

Is your opinion of the CAIS program still the same as it was in the past?

• (0930)

[English]

Mr. Brian Gilroy: There certainly are challenges with AgriStability, the suite of programs, when it comes to financial support for horticultural producers. They are intended to take out the valleys, but you have to have those peaks to make the valleys significant enough for the program to pay out. What's happening in horticulture is we're seeing that the cost of production is rising so quickly and market returns are not keeping pace. Generally speaking, horticultural farmers' ability to access those safety net programs is all but gone.

We are in a financial squeeze that, as you've heard from these other people here today, is very significant. In Ontario our apple acreage in 1994 was 34,000 acres, and next year we're anticipating it to be below 12,000 acres. It's coming out fast and furious, mainly because the cost of production, market returns—there's not enough in between to justify doing it anymore. That's the bottom line with a lot of us. It's sad, but it is true.

[Translation]

Mr. André Bellavance: Ms. Oliver, I will move on to you now.

Your testimony basically echoes many of the comments we have heard, not only during the study—because we have not really held that many meetings on the issue—but also in the past. We also organized tours, such as our tour concerning young farmers, during which we met many people.

I was saying that your testimony is very interesting, since it has many points in common with testimonies we received during a tour that we recently went on regarding young farmers and also testimonies we received since the committee began studying the program reviews.

The sad thing about livestock producers is that they currently find themselves in the most difficult situation of all members of the agricultural community, whether in Quebec or in Canada, especially in your region of the country.

I got a lot of my information from a cross-Canada survey conducted by the Canadian Federation of Independent Business. This survey of over 1,000 farmers compiled some very interesting statistics.

The study indicates that, when it comes to AgriStability, livestock producers benefited the least from the program. There is a problem there, since 70% of livestock producers participated in the program. That doesn't mean that they received any compensation, even though the program does, in fact, apply to them. Livestock producers feel that it's not really worthwhile to try to get assistance through the AgriStability program.

In your opinion, how can the program be modified to really meet the livestock producers' needs?

[English]

Ms. Linda Oliver: Who says AgriStability doesn't work? After I e-mailed my speech in here, I got a cheque on my 2003 AgriStability program year—\$146, and another one for \$778. It was a mistake that they had made on the 2003...and I got it on Friday.

We have been in a disaster year for so many years because of BSE, and the prices were.... Those negative margins are sitting in there now. If my reference margin is a negative \$2,000, and in a certain year my margin is negative \$3,000, if you take a negative two minus a negative three, it gives you a positive one, which means you don't need any money.

The problem that BSE has left us with is those negative margins, and if you have three negative margins in there, you just don't qualify. You have to have two positive margins in there. I can see why they would do that, because if you are an inefficient farmer and year after year after year you are not making any money, you should be gone. But year after year after year we were in a negative margin position because the prices were so low and it was absolutely beyond our control. We couldn't do anything about it. We just sat there and vegetated. We could not make proper business decisions. We could not do things the way we wanted to do them. For instance, instead of cleaning out the corrals, we had to pile it in the corrals and just leave it to sit. That's not a good thing, because for one thing, water collects in there, there's extra disease.

When you're dealing with live animals and you don't make good business decisions, there are always problems that come back to bite you. That's the problem that cow-calf producers have had.

● (0935)

The Chair: Thank you.

Mr. Atamanenko, for seven minutes.

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

Linda, we've received correspondence from you before on this. I'm glad you're here to talk about this. We're here because we'd like to work with you to try to fix this, so we can give some recommendations to the government so this doesn't happen again.

I find it disturbing when you say in your report that you spoke with Jim Scott in the minister's office and he said that unfortunately, AgriStability does not work in this situation. The other thing that bothers me here is when you say, "Our livestock organizations have not been a voice for us."

It doesn't seem to make sense. If something is not working for a producer, and you belong to an organization...has nothing happened in that regard from the Cattlemen's Association?

Ms. Linda Oliver: No, which is why I am a long way away from my comfortable element.

After AgriStability did not work, and we had a year like this, I started looking around, and I couldn't believe that cow-calf producers could be left out in the cold.

Our organizations, for one thing, should be taking care of the whole livestock sector. I don't understand why they didn't look at the cow-calf producers and say, "Wow, those guys at the bottom are in a

lot of trouble; we'd better do something." I was told, and I stand by whatever I say, that they cannot go into the agriculture minister's office and criticize, or they cannot criticize publicly or openly, because if they do, the door will be closed to them. They have a silent agreement that if the agriculture minister's office does something good, they praise him, and if they do something bad, they don't praise him; they don't say anything.

For every animal we sell at auction, there are \$2 deducted from that cheque for each animal. One dollar goes to our local organization, which is the Saskatchewan Cattlemen's Association, and one dollar goes to the Canadian Cattlemen's Association. I can't apply to have that \$2 not taken off my cheque. Really, the organization has done nothing for me.

There is a fairly large cry from cow-calf producers, saying, what's the sense of letting them have that \$2 off every animal we sell when they don't do anything? They will not speak, and they say they can't. They say their hands are tied. They say they're in caca up to here if they say anything. The agriculture ministers just won't let them back in.

Mr. Alex Atamanenko: When I talk with the Cattlemen's Association, the feedback I get is that finally we're having a good year and things are going to be really good. We don't hear this kind of stuff from them. I think some of us on this side, at least, have concerns that some of these organizations are not being vocal enough or standing up for the producers.

Ms. Linda Oliver: I'm a little stubborn by nature. When I see that someone is being wronged or something is not being done correctly, I'll speak up.

● (0940)

Mr. Alex Atamanenko: When I was first elected, I think it was around 2006, we had another disaster in your province. At that time, the impression I got was that it was like a football being bounced between the provincial and federal governments: "It's your responsibility. No, it's your responsibility."

Mr. Gilroy said, in regard to tornadoes, that the provincial government there has stepped in and the federal government has come in.

Is it a lack of will on the provincial government's part, or is nobody really taking responsibility? I don't understand this.

Ms. Linda Oliver: It's so political. When you say that people aren't speaking up...my cow-calf producer friends are so tired of phoning our local agriculture minister's office. Unless you can really speak off the cuff, they just put you down and they put you off, because they're there to further their political agenda and they don't want to hear from us. They don't want to hear that AgriStability doesn't work and they don't want to hear that AgriRecovery...nothing was done for us.

The biggest problem is that the cow-calf producer traditionally never really asked for anything. We've survived our ups and downs, but with BSE so many years in a row and then a year like this.... Right now, in 2010, in Saskatchewan and in the disaster areas and in the wet pockets of the disaster areas, it's a matter of treating your animals humanely. It's very serious. Animals have to eat every day, 365 days. I don't like to pit the grain farmer against the cattle producer, and so many times that's what happens. I still use this phrase: you can put your dead grain in the bin and then you can go off and negotiate with the banker, you can negotiate with politicians, but cow-calf producers have to deal with those animals every day, and we have to deal with them very well.

Mr. Alex Atamanenko: Would it be fair to say that the program, as it's devised, is a one-size-fits-all? I heard this from fruit growers also. These programs may work for one sector, but they don't work for others. So would it be logical to assume that we should be trying to revamp them to be more flexible so that they can kick in when this disaster takes place in Saskatchewan?

Ms. Linda Oliver: Absolutely.

Mr. Alex Atamanenko: In your opinion, should the federal government, then, be playing more of a leading role if the province is waffling? Sometimes it works well; when the province kicks in and the federal government comes in, it seems to work. In my riding there was a big slide, and it looked as if the province came in and the federal government was ready to come in, but it was a provincial initiative. What should happen if the province doesn't take that initiative? Does the federal government have to come in and say, "Look, this is the formula: we're going to do 60 or 40; let's get on with it"?

Ms. Linda Oliver: The province has to make application to the federal government for AgriRecovery to kick in. I think it should be done at the provincial level because the intensity and the feeling and the knowledge are there. They don't have to drive very far to be able to see the disaster areas in Saskatchewan right now. Although Tim Highmoor did tell me that he was in my area—it wasn't until I think last week. He doesn't know how bad these pockets are. He hasn't been in those pockets. And it is a disaster.

We have shipped off a semi-load of cows to our son at Davidson. He comes from a very different area. He is at Davidson, Saskatchewan, and he comes from a very sandy area. He can buy all the bales he wants there for \$25 a bale—big round bales. In our area they're at least \$35 a bale. If we can't get into the fields to get our bales home...and those bales—well, the one area we haven't done the feed testing on—do not contain the nutrients because they were put up in October, past the haying season.

Do you want me to wrap up?

● (0945)

The Chair: Yes, please.

Ms. Linda Oliver: Okay, sorry.

We will be sending off another load too, because we can't get the bales home; we can't afford to buy bales.

The Chair: Thank you.

Mr. Hoback, seven minutes.

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

First of all, I want to thank the witnesses for coming. I know it's always awkward to come out of the comfort of your home back in Saskatchewan or P.E.I. or Ontario and look at these weird guys in suits and ties and try to explain what's going on. So I really appreciate your doing that. I also really appreciate your testimony. It's always good to hear from the farm groups, and I'd rather hear from farmers than farm groups, because in a lot of ways farmers are the guys on the ground getting their hands dirty and doing the work. It's always a breath of fresh air in some ways.

It's really hard in this committee to start to filter or separate the wheat from the chaff in a lot of situations. We have to balance the needs of farmers, and the needs of taxpayers in a lot of cases too. That's why programs are developed in such a way that they're not meant to be long-term support programs or long-term social programs. They're meant to be bridging programs, where if something should happen, there's the ability to help the guy out so he can see the light at the end of the tunnel and get through that low spot and move forward.

Where I get a little concerned is when bridging programs become social programs, because that tells me something else has to change. That tells me the industry has changed or something else has changed structurally in your situation that forces you to make a decision you may not like to make. It's awkward. What's really awkward for legislators is, when is that period? Is it five years, seven years, ten years? When the industry has changed, how much should the taxpayers support you and for how long? That would be one of my first questions. The taxpayer can't justify supporting somebody forever; it just doesn't work that way in our society. If you can't change, or if you can't structurally change, then it's time to look at other things.

Brian, you talked about what you're seeing in the fruit industry, and that's exactly what is going on, it looks to me. It's sad to see in a lot of ways, because the old way always seems to be the best way, but the reality is that things change and we have to move forward.

I'll start with you, Ernie. In your situation—and not just in your situation, but the situation of P.E.I. farmers—you took out an advance and had security on that advance. You did a priority agreement. Then you needed more cashflow. What did the government do? They said they'd give you the ability to have more money without a priority agreement—no security. How do you bridge back to a situation now where you start to pay it back? What's a reasonable timeframe?

Mr. Ernie Mutch: That's the real concern we have. Ten months is not a reasonable timeframe to pay your money back. You commented that you were concerned about the other taxpayers in Canada, about subsidizing agriculture, but when you think about it, I think the government is going to lose more under this present arrangement, what they're saying they're going to do—a ten-month prepayment period.

Mr. Randy Hoback: So what would you suggest? Two years? Should it be termed over five years? Should it be rolled into a straight equity loan?

Mr. Ernie Mutch: I would think a minimum of five years.

Mr. Randy Hoback: If that were the case, how would you secure that? How would we as the government secure that asset? If the bank isn't willing to give up any priority...I'm assuming that in a situation like this you're going to see the bank put priority on the land, on the tractor, and on whatever machinery, and now you've given away priority to the bank on the actual asset, the livestock itself. How does the government secure priority? How does the government ensure it gets repaid? Again, being responsible to taxpayers—if I'm going to lend you money, I have to see the ability of repayment down the road. How do I see that?

Mr. Ernie Mutch: Under the present program, the only security the program has is on your livestock. That's the only security the government has.

Mr. Randy Hoback: As you sell the livestock, you pay it back.

Mr. Ernie Mutch: You pay it back.

Mr. Randy Hoback: You just need more time to sell more livestock and more calves to pay it back?

Mr. Ernie Mutch: If the producer has enough livestock, he can roll it over for another loan. If he only has a portion of the livestock he had in 2008, he can roll some of it over, but he's required to pay it back.

Mr. Randy Hoback: If he only has a portion, that means he sold some of the existing livestock. He should have been paying back either the existing advance he took out or the unsecured advance.

Mr. Ernie Mutch: He should have been, just because of the industry. When you're producing to lower the cost to production, it's pretty difficult to pay everything back.

● (0950)

Mr. Randy Hoback: They're out of scope with the program, and that's why it's going to affect them. It's dominoes when you get into that situation; it's not a good situation for that farmer, but it also tells me the cashflow on that farm is going to be very tough, no matter what you do.

Mr. Ernie Mutch: That's why we're saying 10 months is not realistic. If it's over a longer period of time, the program has a better chance of recouping this money than in such a short timeframe.

Mr. Randy Hoback: Okay. What would you say would be a fair timeframe?

Mr. Ernie Mutch: I would think five years, or tie it to your profitability in the commodity or whatever.

Mr. Randy Hoback: So say five years—let's use that as a number. If we come here five years in the future and you're back here to say you still can't pay it back, what should we do then?

Mr. Ernie Mutch: I don't know. You can only go so long.

Mr. Randy Hoback: You can see the dilemma we face here. It's hard. I don't want to sound mean or cruel, but that's the dilemma we always face as legislators. Sooner or later we have to tell somebody something we don't want to tell them, that it's time to change.

Mr. Ernie Mutch: Nothing has changed in the industry since that program was announced—severe economic hardship—in 2008. Actually, it's probably gotten worse since then.

Mr. Randy Hoback: I talked to farmers from Alberta who were in the office this week. They were saying things are looking good. They're actually feeling very confident about the industry. So again, one part of Canada is saying it's good and the other part is saying it's bad.

Mr. Ernie Mutch: They're very fortunate in Alberta that they have a government that has deep pockets.

Mr. Randy Hoback: Then there's the other issue of provincial governments providing subsidies.

Mr. Ernie Mutch: Yes, exactly. That comes into play big time.

Mr. Randy Hoback: Brian, you talked a little bit about a disaster, a tornado that came through on a neighbour's operation. You stepped through the process. I understand the process is that the province basically is the first person to the door. It's a per capita formula they use. Once it hits a certain dollar value based on the per capita number, the feds kick in.

In that situation, how is the farmer doing now? How does it look for him right now?

Mr. Brian Gilroy: Generally speaking, right from the beginning people were told that all the assistance will not make them whole again, but it will help them get back on their feet. That's what it has done. It's helped people replant, where possible. It's helped them move on, and it has prevented them from basically going out of business. That's the success part of that story.

Mr. Randy Hoback: We had a similar situation in my riding two years ago. It wasn't a tornado; it was a plough wind. It did a tremendous amount of damage. It blew over poplars that were two feet across. It's amazing, the damage they can do. You can fix things, but there are always those things you can't fix that you have an emotional attachment to, that you can't get back.

I believe in that situation it was the same scenario. The province came out and told the communities what was going to happen. Basically, they got local groups to start cleaning up, because there was a lot of debris. The Mennonite group is really excellent for doing stuff like that.

But you're saying that in this situation, because of the government support you actually.... For a young farmer starting out, this would be the scariest thing he's ever seen. He's just taken out a loan, he's getting ready to pick his apples, and now they're all gone. But he's still there to live to fight another day, is he not?

Mr. Brian Gilroy: Yes. And one of the unique things about the tree insurance plan is that it's one of those plans that in Ontario—I think it's unique to Ontario. A new farmer isn't allowed to have tree insurance until they prove their record. He bought an existing orchard that had been there for 40 years, and those trees were going to live. His father, who'd been an apple grower for 30 years, was managing it, because his son works on the coast guard. So there's no good reason why he shouldn't have had access to tree insurance either.

Mr. Randy Hoback: I guess the ownership structure, then, and how he purchased the farm would have a major impact there. If he had bought the shares of the farm and inherited that record by simply buying the shares, he would have been fine in that case, right?

Mr. Brian Gilroy: But it was his own farm that he bought. They kept it that way.

Mr. Randy Hoback: Okay. Thanks.

The Chair: Mr. Eyking, you have five minutes.

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

I thank the witnesses for coming today.

As a vegetable farmer, I know what it's like growing horticulture crops. My dad is in the beef business, and he bought a small herd in the early 1970s. He kept the slips. I think his average price for the cows and heifers when he bought them was around \$800, and I think he's getting \$700 for them now. I hear it when I come home. It bothers me a bit what the government side is saying about the farmers kind of being on welfare, that it's a social program.

• (0955)

Mr. Randy Hoback: That's not what I'm saying.

Hon. Mark Eyking: In the EU and the United States, the farmers make a good living from the mailbox. The cheques come in the mailbox and they make a good living. Farmers are not sitting home wanting to make a living out of the mailbox. If the weather was right and the cost of production wasn't going up so high.... The share of the consumer dollar seems to be going down all the time. So these are various things that the farmer has no control over.

Since the spring, we've been hearing from a lot of farmers, and we hear the programs are not working. You guys alluded to that strongly here today. There's a lot of questioning about why it's not working. Now the numbers are out. I think overall in Canada agriculture programs total \$8 billion, federally and provincially. For some reason, a lot of that money is not getting into farmers' hands. You guys mentioned the reasons why.

So let's look at how we could change the programs. You alluded to some. One of the things we have heard, for example, is that this Olympic average has got to go, because you have these various years in a row on the margins. So I'd like to hear some suggestions on that.

The other thing that bothers a lot of farmers is that the programs aren't uniform across this country. You might see immigrants, young farmers, going to one part of the country because they have better programs than others. So what can we do to change the programs? Should they be more uniform? Should we change the years? If you people were sitting down starting from scratch, and you knew you had \$8 billion to go into agriculture across Canada, where should it be going and how should it be changed?

Mr. Brian Gilroy: That's a good question, and one that we've thought about quite a bit.

Before CAIS and AgriStability and the suite of programs, we had a program called NISA, the net income stabilization account. There were challenges with NISA. Growers, farmers, would have huge account balances and still be saying, "We can't access that money, but we're hurting here." There were a lot of ad hoc payments taking place at the same time. To me, the simple fix was to adjust those triggers so that the money could be accessed when it was needed. The approval rating among farmers for net income stabilization was extremely high, and the cost of administration was extremely low. Something is needed, and that seemed to do a pretty good job.

Now before that, there was Tripartite, which was a price stabilization system that was extremely effective. It was one-third, one-third, one-third, producer-province-federal. The program was slow in paying because you had to get all your numbers in. It was two years lagging, but it allowed people to access the funds they needed to cover their cost of production, plus a reasonable profit.

Hon. Mark Eyking: NISA was good.

Mr. Brian Gilroy: Now it looks quite good.

Hon. Mark Eyking: And the banks liked it too.

Mr. Ernie Mutch: The NISA program was a good one. Probably farmers were to blame for why it was scratched, because a lot of producers used that money for retirement. If it had been set up so that it automatically had to be withdrawn on a down year, it might still be going.

When the BSE hit in 2003, the CAIS program was in place. I had a feedlot. Overnight, I lost \$300,000 in inventory. It was gone. The CAIS administrator said, "You'll get it back over the timeframe of the program." I never got anything back.

It has to be changed from your reference margins. In the beef industry, since BSE, we've lost that seven-year cycle. We used to have that before. You'd have your good years and your bad years. I made a living out of it for 30 years before that. But since then we've lost that cycle in the industry. I think that's part of the problem with our federal programs.

Hon. Mark Eyking: I don't want to cut you off.

Can Ms. Oliver say a few words there?

The Chair: If she's brief, because you're out of time.

•(1000)

Ms. Linda Oliver: I agree with these gentlemen. The biggest problem is that we have highs and lows in the cattle industry, but not year after year after year. That is the biggest problem: the negative margins are just sitting there.

Hon. Mark Eyking: If we expanded the years, would it be better?

The Chair: Thank you.

Mr. Lemieux, you have five minutes.

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

Thank you for being here.

I guess when we're talking about disaster relief programs, it's important to understand that it's the provinces that have to identify that a disaster has struck a particular area. It wouldn't be appropriate

for the federal government to reach inside a province and say, "You have a disaster there", and for the province to say, "No, we don't". So I understand that there is frustration in terms of how you have to work with the provincial government first and then they have to approach us.

I've given great thought to this, and I have a hard time seeing it working any other way, because it just seems to be that it would be inappropriate for the federal government to be going up and down the different provinces, saying, "There's a disaster. How come you're not doing anything about it? There's another disaster over here." It really does have to start with the provinces.

I think as well the idea is that the AgriRecovery addresses those extraordinary circumstances that arise. It's not meant to be a long-term solution or a long-term payment process; it's meant to address a discrete event. Something happened, and there's a payment that goes out based on it.

I think we saw that, for example, out west, with the flooding. That was a massive AgriRecovery payment, when one stops to think about it: \$450 million, and it reaches over three provinces. So three provinces and the federal government were involved in it. It's one of the largest payments or payouts ever made in Canadian history, and it was done faster than ever before.

So I think there are some success stories, but I don't argue that everything's fine everywhere. I'm just pointing out that it's a system that does work, even though there are times when it doesn't seem to work well in certain circumstances.

I just wanted to follow up on the discussion about NISA versus AgriInvest, which to me is similar to NISA in that farmers themselves put away money. It's matched by the federal government, and the federal government in fact put in \$600 million right up front to kick-start AgriInvest. Farmers have tremendous latitude in drawing from their AgriInvest accounts to support their first 15% in losses.

Perhaps, Ernie, you could comment on this: do you see AgriInvest as a valuable program? Are farmers making use of it? How do you see it being different from NISA?

Mr. Ernie Mutch: Yes, it's kind of like NISA, only you can't use all your... It's not the total program, but it's still tied to your reference margin. Until we can get a program that's tied to your cost of production, I don't think it can work for producers. It has to be tied to your cost of production, any kind of a program that's going to work for producers.

The AgriFlex program, that was supposed to help with regional differences. If our region had more costs in something than other provinces, it was supposed to help in that circumstance. But it seems that any proposal we took as a region to the federal government, it always included some BRM programs, and they were non-allowable under the AgriFlex program.

Mr. Pierre Lemieux: If I could, I'll just follow up on that. As a parliamentary secretary, I've been around Canada, talking to the different leaders and different farm commodities, the different farm groups. Certainly one of the messages I receive is that farmers want a level playing field. They want to know that if you're a farmer in P.E. I., you're being treated the same as a farmer in Alberta, especially, for example, if it comes to beef. If it's pork, you want to know that in other provinces you're being treated the same way; there's not a regional advantage given to one part of the country that's not given to the other.

What's that?

Mr. Brian Storseth (Westlock—St. Paul, CPC): It's called the Alberta advantage.

Mr. Pierre Lemieux: Yes, well, from a federal government perspective, it's very important that we level the playing field. But I often explain, too, that in terms of regional advantages or regional programs, because farmers also want unique circumstances to be taken into consideration, I do feel that should come from the provincial government, because that's where you get your regional flavouring, so to speak. Every province might be more responsive to a particular sector, but the federal government can't really do that because then we would be removing the level playing field.

I don't know if you have any comment on that approach. Do you see that the province has a role to play in terms of delivering regional-specific programs?

• (1005)

Mr. Ernie Mutch: Definitely, yes, but because I live in a have-not province, it's the dollars that they struggle with for agriculture. There are a lot of other provinces that are in the same state.

Yes, I know, definitely some of it falls back on the provincial government; there's no question about that.

Mr. Pierre Lemieux: Okay. Very good.

Thank you, Chair.

The Chair: Ms. Bonsant, five minutes.

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): Ms. Oliver, when I ran for office in 2004, I visited a farmer who had just sold a cow and received a one-cent cheque for it. She kept the cheque and, every time I go buy beef from her, I see it and have a good laugh. I was stunned to learn that, in your opinion, the AgriStability program is a failure. However, I understood from Mr. Mutch's comments that,

previously, the program's lifespan was seven years, but that, today, it is set for five years.

If the seven-year AgriStability program were brought back, would that be a better way to help farmers?

[English]

Mr. Ernie Mutch: I don't quite understand. The seven years was the seven-year cycle within the industry—the highs and the lows.

[Translation]

Ms. France Bonsant: But currently, it's a five-year program, right?

[English]

Mr. Ernie Mutch: No, the cycle is gone. Ever since BSE in 2003, we've lost the highs and lows; we don't have that anymore. It's just been lows since then. That was my comment on the seven-year cycle, and the hog industry as well. The cycle seems to have gone out of those industries.

[Translation]

Ms. France Bonsant: That's perhaps not exactly how your comments were translated.

Ms. Oliver, your financial situation is still fragile, which isn't really helping agricultural stability.

Earlier, you talked about finding solutions. We need to come up with solutions because there is a lot of talk of recovery, of young farmers. If solutions are not found, what do you think will happen to young farmers?

[English]

Ms. Linda Oliver: I have a young farmer at home. Our oldest son stayed in the business, and I wish he hadn't. He's in the purebred Red Angus business. He works two jobs to keep the farm going. In 2003, his future plan was to no longer be working at his job and strictly be working with his cows. But the situation didn't allow for that.

In our area, all the kids are gone. They don't want to get into farming—not in livestock. Some are coming back for grain farming, but as far as livestock is concerned, we call it child abuse.

[Translation]

Ms. France Bonsant: I see. Are there any other comments?

[English]

Mr. Brian Gilroy: After I got the call from the committee to come today, I called around to some of our local apple producers. We're also coming into our year-end, so there will be elections to the next executive for the Georgian Bay Fruit Growers Association, 67 apple growers in the Georgian Bay area.

We've worked hard at getting the younger ones to get involved. I'm sad to say that almost all of our younger ones are looking at wrapping up how they're going to run an operation; they're looking at closing down within two years. They're looking at focusing more on the retail and less on the growing. They can make a bit of money selling directly to the consumer, but they are very limited in their ability to make money growing food.

Mr. Ernie Mutch: On young farmers, my family immigrated from Scotland in 1786, and we've been raising livestock in P.E.I. since that time. I have two brothers who still farm, and I'm sad to say that I believe we're the last generation. We all have sons, but none of them are going to farm. It's really sad. I'm sure my family is not the only case across Canada; there are lots of others as well. It's a sad, sad situation.

• (1010)

[Translation]

Ms. France Bonsant: There is something I fail to understand. In Quebec, we have set up a system to help the new generation, the young farmers, and so on. What really bothers me, in committee, is when people talk about implementing a national program for agriculture. I am against doing that because we, in Quebec, have absolutely no intention of supporting initiatives that will disadvantage Quebec farmers.

I think that, for once, Mr. Lemieux is right. I think that provincial governments need to step up to the plate and help their farmers because farmers are the ones who feed the world population. Our governments are having a hard time understanding the importance of the work farmers do.

What do you think about the Conservatives constantly saying that we must think of our "taxpayers"?

Do you pay your taxes?

Ms. Linda Oliver: Yes.

Mr. Ernie Mutch: Yes.

Ms. France Bonsant: Listening to the Conservatives, I was under the impression that farmers don't pay any taxes. That's all.

[English]

The Chair: Thank you.

Mr. Shipley, you have five minutes.

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

I really do appreciate, as my colleague has said, your taking the time to come and be part of this forum as witnesses.

I've been listening when we talk about the former programs—Brian, you talked about the Tripartite—and I can never get away from my colleagues across the table who keep criticizing our government for not fixing something that they created.

Two members over there have "honourable" in front of their names, meaning they sat at the cabinet table and allowed the change from NISA to go to a margin-based program.

We have to understand that NISA would have still been here. It didn't have to go. Politically, somebody made a decision to get rid of it to save money, rather than fixing it.

I totally agree that AgriStability is not fair. It doesn't pay out in a fair manner across the country. But under the policy that came forward with it...unilateral decisions by the federal government are not there anymore. The province has its say in it.

Mr. Mutch, I know you said P.E.I. is a have-not province. Actually, Ontario was the top province and is now at the bottom. They make priorities. When you talk to my colleagues across the way from Quebec, you will find that their province actually makes a priority choice on agriculture because we've now increased the transfers to the provinces by 25%. They make choices in which dollars are made out.

Mr. Mutch, just to tip away from that, you talked about the advance payment program being very good. Then you sort of went away and said it's really not going to work because you can't get it paid back. I understand those concerns. We're seven months away from the deadline. Do you see your organizations making another plea at that time, with good background on that, if there's an extension needed?

Secondly, those agreements were signed by people. Was it the intention, do you think, that some of them would not ever be able to pay away? You talked about how the cattle are likely sometimes gone, so I'm wondering how they expect to pay that back.

Next I would like to go to Brian.

Thank you again, Brian. When we were up visiting in your area earlier on, we talked about tornadoes. I can tell you, when I was growing up I learned what it is like to have straw sticking in the wall after your barn has partly disappeared. That's the force that tornadoes have. We had that in our house. The consistent thing is that when we walked shoulder to shoulder with our neighbours and everybody else, it was the Mennonites who came in and walked with us to help clean up.

There was a farm about a mile away, which I ended up buying. About half of it ended up at our place, including the house and the barn. The ferocity of those tornadoes is incredible.

The problems with AgriStability in terms of years, working with the provinces—what sort of reaction have you had from the provinces in terms of being able to make the changes, the Olympic changes, to extend it out if it needs to be longer than the five years, taking the three best of it? How are those discussions going?

I wonder if you could talk about that, and then Mr. Mutch, if you could answer those other two....

•(1015)

Mr. Brian Gilroy: The non-supply-managed commodities in Ontario have been lobbying the provincial government consistently for over a year now to get some sort of a business risk management program developed that does take into account the cost of production. I know that's a little bit different from what you've asked about, but that's the answer that non-supply-managed agriculture is looking for—not tweaking AgriStability, but basically looking at a companion program for that.

The province has had a grains and oilseeds business risk management cost of production program in place now for three years, and they just extended it to a fourth year. Minister Mitchell, who's also from next door to Larry, did take it forward to the federal minister and asked that it be considered. The challenge is that the formula required to amend AgriStability is fairly complex and requires, I believe, seven of ten provinces and whatnot.

The Chair: We have time for two....

Did you want to comment on this? Go ahead quickly, please.

Mr. Ernie Mutch: I agree with your comments on the NISA program. I think, when we look back, it was the combination of government and producers. I think when government looked at the amount of money that was sitting there in the NISA program, they said, you know, this is not working, because producers were using it as a retirement fund, so they probably looked at it to change the program.

I think all governments have responsibilities. Our provincial government certainly has a responsibility to agriculture, and we impress that upon them all the time. I think it's a combination of all governments working together. I have envied livestock producers—or all farmers—in Quebec for years. The Quebec government is really supportive of the agriculture industry there through the ASRA program, and hats off to them for that.

The Chair: We have time for two three-minute rounds.

Mr. Easter.

Hon. Wayne Easter: Thank you, Mr. Chair.

I have just one quick question. Linda, you're basically saying that AgriRecovery isn't working for livestock producers, essentially cow-calf producers, in your particular area, because there haven't been rapid enough payouts. Is that correct?

Ms. Linda Oliver: That's correct. It's not province-wide.

Hon. Wayne Easter: That seems to be, from your perspective, different from how the grain industry has been treated in light of the latest weather problems.

Ms. Linda Oliver: Approximately 31% of the RM's in Saskatchewan were declared disaster areas, and we are in the most disastrous area of a disaster area.

Hon. Wayne Easter: Ernie, first, in terms of Atlantic Canada, we're a deficit area in beef and hogs. If you look at the numbers for how much we produce, it always amazes me how for a deficit area, the price of beef in our area is Toronto plus transportation, when you think it should be the other way around for beef in our area because you had to bring it in. So I'd like a comment on that.

Second, with regard to the impact of the loss of the cash advance payment program on a second commodity, I know the government is saying there's low interest on the default, and low interest sounds good there—it doesn't sound good, but it's better than nothing—but what would be the financial impact of the loss of up to \$400,000 for a potato operation?

Mr. Ernie Mutch: I don't know if that figures on what it would mean financially, but in most cases, the potato operation was the large part of their operation. If they did in excess of \$400,000 through that program—and that industry is struggling as well—and they don't have the ability to roll that over with their livestock or they don't have livestock anymore, it's going to be very difficult for them to repay that in such a short term.

•(1020)

Hon. Wayne Easter: So if the committee could recommend to the minister, and it would take a little political will, that a quick legislative change be made—and a legislative change is required, but we've done that in a day around here before now—at least for a temporary period of time, five years or whatever, so that your second commodities advance payments would not be affected, that would be a help.

Mr. Ernie Mutch: It would certainly help, definitely. The potato industry is the largest user of the advance payment program in our province.

Hon. Wayne Easter: Okay.

The Chair: Thanks, Mr. Easter.

Now we move to Mr. Storseth.

Mr. Brian Storseth: Thank you very much to the witnesses for coming today. It's always good to hear from actual farmers.

We don't have much time, so I'm going to be brief.

Ms. Oliver, you made a comment about farm groups being too intimidated to criticize the Minister of Agriculture or the government for fear of not being allowed back in the door. Could you tell me which organizations or who said that to you?

Ms. Linda Oliver: The Saskatchewan Cattlemen's Association. Mr. Hextall is the president, and he told us that at our meeting in Yorkton. And the Canadian Cattlemen's Association. I talked to Mr. Masswohl, and he told me not to get too excited because we have this agreement. I said I thought it should be changed.

Mr. Brian Storseth: That's certainly something we're going to have to take up, because people should feel they have access to their government. I know my cow-calf producers certainly feel they have the right to criticize.

Ms. Linda Oliver: I want them to be there, yes.

Mr. Brian Storseth: One of the things I do take umbrage at is the constant criticism of Alberta farmers. Mr. Easter calls Alberta farmers the most socialist farmers out there, when the fact is, when it comes to the things you're talking about, Ms. Oliver, with AgriRecovery for the drought last year, Alberta and Saskatchewan were in the same boat.

One of the criticisms I did have is that it took too long. The criticisms I received from my producers aren't about the amounts of the program, and they generally aren't about the intent of the government; it's about the triggers: what is going to trigger this program, and what is the basis on what's going to be paid out? Those are the two criticisms I get. Would you agree with those? In all reality, although I did complain a bit, the crop year ended, the harvest was in October, and we got paid in January-February, which was relatively quick. Then this year, with the flood, was probably the quickest a federal government has ever responded to a disaster.

So I'm not sure if timing is necessarily.... Would you agree with me that's not necessarily a fair criticism, as much as what the triggers are?

Ms. Linda Oliver: The triggers are important, but the time...it was very quick, but livestock is not included in that. We're dealing with live animals here, which is a whole lot different from dealing with the grain situation. Nothing was triggered.

Mr. Brian Storseth: I was talking about the drought recovery. That was for feed, was it not, which was livestock—

Ms. Linda Oliver: We had to wait for that. It was a very long time coming.

Mr. Brian Storseth: Yes, it was four months.

Ms. Linda Oliver: No, no.

Mr. Brian Storseth: The crop year ended in October.

Ms. Linda Oliver: I think the drought areas waited two years for their cheques.

Mr. Brian Storseth: The drought areas from 2009?

Ms. Linda Oliver: The drought areas being paid on hay. I'm not talking about crop.

Mr. Brian Storseth: They're being paid on hay. That's something we should talk to the Saskatchewan government about, because I know my producers in Alberta have already been paid on that program.

Ms. Linda Oliver: Yes, but the drought was not just last year; it was two years ago.

Mr. Brian Storseth: Yes, it was 2009.

Ms. Linda Oliver: Was it not 2008?

• (1025)

Mr. Brian Storseth: It was 2009, and then it was announced this February, but the drought was in the 2009 crop year in the Alberta-Saskatchewan AgriRecovery.

I don't want to get into too many of the details on that.

I did want to ask you a quick question. I have a whole bunch I'd like to ask you. I constantly hear from producers, from my cow-calf guys, that the slaughter waste innovation program, the \$40 million, increased the base price of our calf at market for them. Would you agree with that?

Ms. Linda Oliver: Yes.

Mr. Brian Storseth: Thank you, and thank you for your time. I wish we had more.

The Chair: Thank you very much.

I'd like to thank Mr. Mutch, Ms. Oliver, and Mr. Gilroy for coming here today. We appreciate it.

We are going to have to recess for a couple of minutes. We have to go in camera for a budget issue.

So once again, thanks for coming here. I'm sure we'll see you somewhere.

[Proceedings continue in camera]

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