



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 015 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, November 29, 2011

—
Chair

Mr. Larry Miller

Standing Committee on Agriculture and Agri-Food

Tuesday, November 29, 2011

• (1530)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): We call our meeting to order. We first have a bit of committee business, a notice of motion by Mr. Allen.

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

I appreciate the indulgence of the committee, and I thank you, Chair, for your efforts to make this come about. Seemingly, it might even happen from what I understood. So I would move the motion. Hopefully folks have copies. I can read it for the record:

That the Committee invite the Honourable Gerry Ritz, P.C., M.P., Minister for Agriculture and Agri-Food, to appear before the Committee on the Supplementary Estimates (B) 2011–12 prior to December 1, 2011.

I would invite my colleagues to support that. I believe the minister is indeed going to come on December 1 for the second hour, and I appreciate the endeavours of those who made that possible.

The Chair: Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thank you very much, Chair. Although we're only discussing the motion today, I did see it when it was circulated by the clerk last week, so I took the initiative to consult with the minister to find an opening in his schedule. He does have an opening on December 1, Thursday, from 4:30 p.m. to 5:30 p.m. So it's very good news that he's available so quickly, and I think my colleagues on the other side will agree that this is a wonderful display of open, transparent, well-intentioned, attentive-detail from the government side and from the parliamentary secretary. Should I go on?

Some hon. members: More, more!

The Chair: We have witnesses.

Mr. Pierre Lemieux: On the downside, though, Mr. Chair, it would mean limiting the amount of time we have for our witnesses on that day. That's an unfortunate consequence, but having the minister here is good news.

The Chair: Just to comment, and it's totally up to you, Mr. Allen, seeing that your motion reads "prior to December 1", I would suggest that either you pull it off the table, if you're comfortable with that, or amend it. That's just a comment.

Mr. Malcolm Allen: Thank you, Chair, for your help and instructions.

In light of the fact that the minister has agreed to come on December 1, rather than amend it and ask you to do something he's already agreed to do, I think that withdrawing the amendment would

be appropriate—albeit I will do that with far fewer adjectives than my honourable colleague the parliamentary secretary used in his response.

Some hon. members: Oh, oh!

Mr. Malcolm Allen: But let me be clear for the record that I appreciate the efforts of the parliamentary secretary and the chair—and, indeed, the minister for coming. It's such short notice. Hopefully this will be a lesson for those of us in the steering committee that when the estimates come up again, as they will, all of us will twig to the fact that we really should get that invitation to the minister early enough so that he can plan his schedule—and not hope for an opening.

I thank everybody for their due diligence and their help.

(Motion withdrawn)

The Chair: Very good. We'll move on.

Yes, Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): I would just like to comment for the record—and I'm glad that Mr. Allen has mentioned it ahead of time—that this request is very late notice. I don't want to pooh-pooh all the great cooperation here, but we do have witnesses who have been planning to come for some time. This is going to take away from their time. Hopefully, we can be as expeditious as possible with the minister, because I do think it's important that we hear from Canadians on this study. They were planning on two hours, and they're going to get one.

The Chair: The point is noted.

We will now move to our witnesses.

I apologize for the brief delay, but I'd like to welcome and thank all of you for coming here today. We look forward to your testimony.

We are discussing Growing Forward 2, and the competitive part of that. I would appreciate it if you would keep your comments to that topic of competitiveness.

The first witnesses are from the Canadian Vintners Association, Dan Paszkowski and Luke Hartford, for 10 minutes or less, please.

Mr. Dan Paszkowski (President and Chief Executive Officer, Canadian Vintners Association): Thank you, Mr. Chair. Thank you, members of the committee.

My name is Dan Paszkowski, and I'm the president of the Canadian Vintners Association, better known as the CVA in this presentation. Sitting next to me is Luke Hartford, the vice-president of the CVA.

We are the national association of the Canadian wine industry. We represent the wineries across Canada responsible for more than 90% of annual wine production. Our members are engaged in the entire wine value chain, from grape growing and farm management to harvesting, production, bottling, research, retail sales, and tourism.

Our industry is a growing one. It is changing amid a global revolution in grape growing, wine production, wine marketing, and consumer tastes. Our members have made significant long-term investments that are inherently tied to *terroir* or the land. Newly planted vineyards need up to four years to provide a harvest, and unlike other manufacturing businesses, once planted, the vineyard cannot simply get up and move to another country. We are very much tied to the land.

Today, we have more than 400 grape-based wineries producing in six provinces across Canada. We support over 1,000 grape growers and roughly 11,500 jobs.

Canada is a fast-growing wine market, with total annual sales of approximately 460 million litres, valued at almost \$6 billion. Since 2003, per capita consumption has grown by almost 40% to 16.2 litres, about 20 bottles per person, which makes Canada an extremely attractive market for any country to sell their wine products in.

We have a growing and sophisticated wine consumer base, but imported wines dominate with 68% of total wine sales. This foreign domination is the exact reverse of most other major wine-producing countries, such as Spain, where domestic wines account for 96% of market share, and Italy, where they account for 94%.

The future of the Canadian wine industry depends, in large part, on continuously adapting to changing domestic and global markets. Twenty years ago, in response to foreign competition and the signing of the Canada-U.S. Free Trade Agreement, Canadian winemakers made significant innovations, including a switch to higher quality grapes, the establishment of VQA standards, the development of wine country tourism, and the promotion of icewine.

Increased foreign competition transformed the Canadian wine industry and enhanced the competitiveness of the Canadian grape and wine sector. This did not come without a cost. Today, foreign competition has reduced Canadian wine sales from 49% in 1987, before free trade, to its current level of 32%. It remains an industry goal to once again command 50% of total wine sales by the year 2020.

While innovation will continue to be a critical driver behind our success, our immediate challenge is to improve access to both domestic and international markets, grow our consumer base, and provide our winemakers with the same oenological tools and approval processes to match our international competition.

A key priority of GF2 must be the unrestricted interprovincial movement of goods. Interprovincial barriers to wine trade are alive and strong in Canada. It remains illegal to deliver or ship wine across

provincial borders due to federal legislation known as the Importation of Intoxicating Liquors Act, a law passed in 1928.

Canadian consumers increasingly expect and want to purchase wines in the manner of their choosing, whether at liquor boards, winery tasting rooms, wine clubs, or over the Internet. Today's consumer wants convenience and a greater choice of Canadian wines.

Wine savvy consumers are part of a rapidly growing interactive social network, and social media offers wineries an effective tool for achieving our e-commerce goals. Yet our ability to effectively use these modern marketing tools is largely restricted by the federal law.

It was not the intent 80 years ago for federal law to discourage interprovincial trade, impede Canada's competitiveness, and restrict market growth. Yet the unfortunate consequence is that an out-of-province Canadian tourist cannot visit a winery and take wine home with him or herself. Furthermore, out-of-province consumers cannot order our wines directly from their homes.

It is vital that the IILA be sufficiently amended, as proposed in Bill C-311, with the goal of establishing a reasonable personal exemption to permit Canadian wine consumers to order and have wine shipped directly to their residence from an out-of-province winery. Consumer interest and exposure to Canadian wines would stimulate new sales and tourism opportunities and create increased opportunities for jobs, economic growth, and additional federal and provincial tax revenues.

The Canadian wine industry has benefited from Agriculture and Agri-Food Canada's AgriMarketing program, known as AMP, and its predecessors dating back to 2000. AMP activities have supported participation in prestigious international wine competitions, development of promotional materials, and attracted respective influencers, including foreign wine writers and sommeliers, to experience Canada's wine and wine regions.

AMP has also supported the Canadian wine industry's engagement in international trade policy discussions. These efforts have helped support harmonization of national and international standards, elimination of barriers to trade, and promoted the sharing of information to ensure science-based decision-making. In addition, AMP has helped improve market share in traditional markets, expand exports into emerging markets, promote Canadian wines in Canadian embassies and consulates around the world, and provided brand exposure to elevate our international sales profile.

• (1535)

In light of fierce global competition, GF2 should continue to support AMP through a well-funded, timely, and business friendly program that is cognizant of the reality of business operations.

Foreign wine producers around the world are financially supported by their national and regional governments, for both export and domestic marketing programs, to support wine sales and economic development. For example, EU wine reform dedicated \$1.2 billion to support the marketing of wine over the period 2008 to 2012. Our foreign competitors are using government funding for their marketing efforts in Canada. Annually, wine producing nations hold country-specific wine tastings in major centres across Canada to build brand and country exposure. These successful ventures have resulted in market share growth and the development of relationships with key retailers, namely the liquor boards.

To help the Canadian wine industry cultivate a stronger internal market, we recommend that the federal government officially proclaim the week leading up to Thanksgiving Day as National Wine and Food Week. This would provide the impetus for farm producers, industry associations, communities, retailers, restaurants, and all Canadians to “go local” and take notice of the excellent wine and food that farm businesses across Canada have to offer. This will also open the door for new domestic sales opportunities and generate greater demand for home-grown products, with significant economic spinoffs for local businesses.

Proclamation of a national wine and food week should be supported by federal sponsorship of domestic market development activities. For example, past programs, such as Canada à la carte, were very successful in promoting Canadian wine and food products across the country. Alternatively, adding a domestic component to the AMP would also support the same objective.

Finally, Canada has strengthened its relationship with key international partners and continues to harmonize technical requirements and standards. Additives and processing aids are a critical part of the Canadian wine industry’s future competitiveness, and Growing Forward 2 should seek opportunities to revise the current approval processes to allow for international equivalences based on sound science. This is particularly true for wine additives or processing aids that are not approved for use by Canadian winemakers but are permitted for use in foreign wines sold in Canada under existing oenological practices agreements.

The federal government needs to identify and track where Canada is behind other wine producing countries and dedicate resources toward greater harmonization in support of competitiveness and jobs.

Thank you. I look forward to your questions.

• (1540)

The Chair: Thank you very much.

Now, from the Organic Farming Institute of British Columbia, we have Kevin and Annamarie Klippenstein.

Ten minutes or less, please.

Mr. Kevin Klippenstein (Chair, Organic Farming Institute of British Columbia): Mr. Chair and honourable members, thank you for inviting me here today.

My name is Kevin Klippenstein. I’m the chair of the Organic Farming Institute of B.C. We’re situated in Cawston, B.C., the organic capital of Canada.

The institute has created three courses to date: introduction to organic soil management and nutrient cycles, organic soil management practices and transitioning to organic methods, and organic soil management field training. We’re also now working on developing another course on ground crops, to be completed by spring 2012.

My wife, Annamarie, and I also run a successful organic market garden in B.C., which we started from scratch 10 years ago on five acres of land. We now farm 40 acres of mixed fruit and vegetables, selling everything at Vancouver farmers’ markets. On November 18, we were recognized as Canada’s outstanding young farmer of the year for 2011.

Organic agriculture offers compelling solutions for today’s challenges in agriculture. Organic is a low-input system that has much to offer all agriculture in terms of innovative methods to reduce input costs and reliance among producers. Organic relies on the science of crop rotation, nutrient cycling, and integrated pest management. It is shown to increase biodiversity and resilience on and around the farm, to sequester carbon in the soil and reduce energy usage on the farm, and can lead to lower nutrient runoff into our waterways. These are challenges that all agriculture seeks to address.

I believe one priority area for Growing Forward 2 is to encourage young and new farmers into the industry. Organic production tends to offer an attractive financial model with a market growth, high customer demand, and fair income for farm families. Organic farming attracts a high number of new entrants to farming, which in turn requires significant knowledge transfer, infrastructure supports, and extension services. The Organic Farming Institute has begun creating courses because we found an educational need and wanted to fill that gap.

When I started farming 10 years ago, there was not much out there for organic agriculture courses. We need mentorship and apprenticeship programs for young people to get into the industry. We personally have created a successful on-farm mentorship program on our farm, which has been running for the last five years with no government support and has turned out over 20 young farmers already. Growing Forward 2 should address support for such programs. Agriculture Canada also needs to keep supportive programs such as Outstanding Young Farmer to recognize leaders in agriculture and help promote excellence in agriculture.

A second priority area is to improve infrastructure and services to the organic industry. Growing Forward needs to bring back the organic extension agent. Extension services and outreach will [Inaudible—Editor]...to grow with the organic community and its public support. It is essential to new and young farmers who are just finding their way around certification and the regulations that must be followed, and also to the seasoned farmers who are diversifying to help diminish risk.

Growing Forward should put funds towards physical infrastructure at the farm level to help with such things as season extension technologies, including hoop houses, greenhouses, and geothermal and solar technologies; and items such as food processing equipment that enhance the ability of farmers to help store their crops, such as coolers, freezers, and dryers. The reason our farm has succeeded is that we have put up our own coolers, freezers, and dryers on farm winter storage. We use hoop houses to extend the growing season and solar and geothermal on our farm, which enable us to sell our produce year round.

A third priority is to support the establishment of permanent farmers' markets. Farmers' markets enable small family farms to be competitive in the marketplace by providing a place for farmers to sell products locally, reducing the carbon footprint. Selling at farmers' markets allows for more return directly to the farmer, thus helping farmers to farm year round and not depend on outside employment to sustain the farm.

Look at us, for example. Since we started farming 10 years ago, we have sold 99% of everything we grow through farmers' markets. That is what helped us to succeed by creating year round cashflow. Local farm markets are now responsible for over \$1 billion in sales across the country. That generates more than \$3 billion in economic spinoffs. I know that this year alone, Vancouver's top four markets have done over \$4 million in sales already.

Permanent infrastructure is very important for helping new and current farmers to be competitive, but it is absolutely critical in B.C., where a majority of produce grown is for the export market. Very little infrastructure exists for large B.C. producers to sell to the domestic population. Nearly no infrastructure exists outside of a few small distributors and small buyers in insecure outdoor farmers' markets for small growers to sell domestically. Without ready, secure outlets and markets to sell domestically, small farmers have no security to build their farm business, develop products, or clientele, etc.

● (1545)

In B.C., this is especially pronounced, as there are over 20,000 small farmers across the province. This is the way farming developed in B.C., on small lots and where only a small percentage of land was arable. B.C. has more small farmers than any other province in Canada. As you know, it has among the highest cost per acre of any region or province. For small farmers to be competitive, new domestic markets must be cultivated, and new infrastructure is required to allow that to happen.

A fourth priority is to level the playing field in the B.C. organic industry by regulating the word "organic". This is an uneven playing field and there is consumer confusion in the B.C. organic marketplace due to the implementation of the national regulations.

Currently in B.C., nationally certified operations can refer to their product only as "organic". Any non-organic operation, regardless of their practices, can also refer to their product as "organic", unless deemed false and misleading by CFIA. Regionally certified operators can and do continue to use the phrase "certified organic" in an effort to distinguish their products from those making unsubstantiated claims. We feel that in Growing Forward 2, there needs to be more marketing put in place to bring awareness to organic practices.

A fifth priority is in regard to GMOs. Genetically modified organisms or genetically engineered crops need to be extinguished. We still do not know all of the implications of these items or what they will do to our food. It is vital to farmers that they can save their own seed. The ability of some large corporations to own seed, or DNA in seeds—which can then move into another farmer's field—makes it really hard for farmers to save their own seed.

The input of GMOs has caused conflict in the organic industry, as the farmers fear cross-contamination. For example, we grow over 200 varieties of tomatoes. As you may or may not know, there is a tomato on the market that has a fish gene in it to make it last longer on the store shelf. We do not want that gene passed into our fields and contaminating our seeds. With over 250 varieties of tomatoes, they are a show-stopper at the markets and a major income source for our farm. If they are crossed with a fish or animal gene, we would lose our organic certification and our reputation in the marketplace. We cannot legalize contamination from unapproved GM foods. Low-level presence is unacceptable and unjustifiable.

On labelling, for competitiveness reasons, all foods should be labelled with ingredients, including GMO and genetically engineered ones. It is the consumer's right to make an educated choice when buying food. Any nutrient label on any packaged or processed food should include any GMO or GE item within the product.

In conclusion, as farmers and educators, we feel that Growing Forward 2 should be putting money towards the following: labelling of GMO and GE products and food; helping farmers save their own seed; educating the consumer on organic at the national and provincial levels; establishing permanent markets and infrastructure to sell domestically; improving infrastructure and services to the organic industry, such as the organic extension agent and physical infrastructure at the farm level; and putting money towards new and young farmers through apprenticeships, mentorship programs, access to land, and educational services.

Thank you. I'm looking forward to answering your questions.

● (1550)

The Chair: Thank you very much.

We now have Dr. David Sparling, a professor at the Richard Ivey School of Business at the University of Western Ontario. Welcome.

Dr. David Sparling (Professor, Richard Ivey School of Business, University of Western Ontario, As an Individual): Thank you very much for inviting me.

I do have a presentation, copies of which will be circulated later. I didn't have time to have it translated.

We look at competitiveness from a business school perspective. I also farmed for 20 years, so I also look at it from that perspective. One of the things we do is try to figure out what farming is going to look like in the future and whether farmers are going to be competitive on the global scale, and we then think about the implications of that for Growing Forward. So I'll go through what I think things are going to look like in the future, and then I'll talk about the implications.

To be competitive, Canadian farmers and food companies—and I think we should think about all of that—need to be much more market-focused than they have been in the past. They need to be more international—and that is continuing. They also need to be more connected to their customers, to each other, and to the public. The people sitting beside me are a very good example of how you can build a good business on the basis of that.

We're seeing much more diversified operations in agriculture than we've seen in the past, and not all of that diversification is agriculture related. We're also seeing a shift in the use of resources, because farming is now becoming a multi-million-dollar business, and some farmers are looking at it from the perspective that other businesses do, namely, that they don't have to own all of the resources they use to actually run their business. We're also seeing farmers really looking at becoming much more accountable and much more sustainable. That will continue in the future.

Farmers also have responsibilities to society, and with those come opportunities. On the one hand, we look at feeding nine billion people, and that means there are new markets that are exploding around the world, particularly India and China. There are elements of those that are really attractive. We're finding out a lot more about the relationship between food and health, and that means new opportunities both for farmers and food companies—and that continues to expand.

The whole area of replacing oil is a factor, and not so much in the biofuel space but actually with some really interesting stuff that's happening in the bioproduct space and with biochemicals, because then you can insert biomass early in the process and you don't have to change the rest of the supply chain.

Then other major factors concern farmers' adaptations as part of the solution to reducing climate change.

If we think about farmers—successful, competitive farmers in the future—we lump them into a couple of categories. Farmers in those categories will have to be very clear and understand how they're competing. Some are playing in global commodity markets: they're in industrial products markets or in energy markets. You're a commodity in that space, and so you need to be cost-focused, very productive, and also responsive to shifts in the global markets. On the other side, you see farmers who are operating in high-value niche markets. In that case, you need to be differentiating your product and you need to be highly innovative. That means continually connecting with consumers, figuring out what they need, and really getting it to them. Both groups are going to have to be sustainable, more sustainable and more accountable than they've been in the past, and health will play a big role, particularly in the niche.

The other thing that is going to make a difference in the future—and I'm not sure everybody gets it in the sector—is that there are really three levels of management that are happening in agriculture. One is traditional farm business management, which I did when I ran my farm and that farmers do right now. We're pretty good at that space, but when it gets up to moving into creating co-operatives, creating networks to connect with organic customers or local food customers, that's a whole different space, because the realities change, and so being able to manage networks and being effective in managing networks...[Inaudible—Editor].

The one piece that's absolutely critical is this whole piece of industry leadership, because the industry leaders are the people who define research strategies, who define trade strategies, and who interact with you as policy-makers to try to influence policy. From the research we see and in my experience, farmers sometimes have a hard time shifting from being farmers to industry leaders. That's actually one of the reasons we are starting a one-week “I the Executive” development program, strictly aimed at directors of agricultural organizations, because we just see that as a huge need.

What will help farmers compete in the future? It will be market research to understand their customers, both at home and abroad, and then focused market development initiatives.

● (1555)

Some of the policies right now do the following. If you go into a new market, we'll support you; but if you're just developing in the same market, we're not going to. That doesn't make any sense, if you're trying to really extract value from a Chinese market, for example.

We need support for innovation in both products and processes, and the process piece is one we don't tend to pick up as much. The work we've done with food processors shows they're doing of an equal amount of both.

I recommend investment in new technology, new products, and risk management tools that address real risks quickly and effectively, and maybe don't waste money on other things.

To me, one of the things that I would like to see is a shift in focus and investment, from putting almost all of our money into BRM programs, to really talking about some of the new opportunities. Whenever we talk as a group, what you hear are all kinds of discussions about new opportunities, new markets, and issues with regulation. When people look ahead, they don't think farm income. They think it's a basis, but they don't think this is where their future is going to be determined.

We've done a fair amount of looking at farm income. Just to give you a sample of the sorts of differences involved between large and small farms, if you take the smallest farms under \$100,000—there are 73,000 of them—and compare them to the 2,000 biggest at \$2.5 million and over, you will see the shrinking of the smallest and big growth in the largest. One of the things that you see from those 73,000 farmers is that they sold about \$2.9 billion in product. The 2,000 biggest ones sold almost \$12 billion. For the smaller farmers, it takes almost \$18 of assets to produce \$1 of revenue; for the larger ones, it's takes \$2.31 to produce a \$1 of revenue. From a competitiveness perspective, that's a significant imbalance. Also, when we look at off-farm income, the smallest farmers as a percentage of sales are at about 111%. They earn more off-farm than they actually sell on-farm. For the largest farms, it's about 0.5%. So there's a very big difference there.

That means you really need to think differently about policy, because there's no way in you-know-what that one policy will address the competitiveness of both those groups. We do see small farmers who are competitive, if they connect to attractive markets; but, as a class, they basically always lose money. There's this population curve that looks like this, and there's an income curve that looks like this.

Also, if you think ahead in terms of investment and how this is going to change in the future, you will see that the largest farms—the ones over \$1 million—are investing almost \$300,000. The biggest ones are investing over \$500,000. The smallest farms are investing \$7,000 to \$10,000 a year on average. So you know that difference is going to continue.

We're getting a little concerned about the level of debt that farms are taking on, and the extent to which land is being bid up.

What should we do to be more competitive? I think we need to ask ourselves if we want to put all of our money, or most of our money, into BRM programs. I think we should shift some of it into investing more in innovation, into improving productivity at all levels, and into research and development. By this I mean some of the basic research like crop research and animal research. We're moving out of that space, but I still think that's an important underpinning. We need to invest in new market development and also in food industrial processing.

What works? It's really a matter of focusing on key objectives and key markets. We've seen some good examples of that. I'll talk about them later.

It's important to be regionally connected within a national framework. One of the things we've noticed is that national frameworks are great for setting policy, but that the regional or provincial adaptation councils, and things like that, seem to be a very good model, because you have industry players who know the sector, who know the businesses and can help direct investment.

I'm a researcher. I'm well-funded, but there's a small pool of money, about \$1.25 million, that goes to fund five networks across the country. I know that's up to be cut. I wonder why you wouldn't want some of the smartest people in the country doing research on policy questions relating to agriculture. I don't quite see that it makes a lot of sense.

We also need improved access to StatsCanada data. That place is a big problem in terms of its funding....

• (1600)

Some of the challenges include the lack of a national strategy; industry structure, which I mentioned; lagging innovation and productivity. Regulation and interprovincial barriers to trade, I think, are important issues, and they've been raised before. I'm encouraged by the Regulatory Cooperation Council trying to coordinate better with the States. I think that's really good. As for the singular focus on BRM programs, right now is not a bad time to make a switch, since everybody is doing better than they've done for quite a few years. There's a lack of distribution networks to help smaller farmers access organic, local opportunities. We need to build some of those networks. Another challenge is leadership at the industry level. Also of significant risk to the future of competitiveness is the high value of land and the high value of quotas.

Thank you very much.

The Chair: Thank you very much.

We'll now move to questioning.

Mr. Allen, for five minutes.

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

And thank you, folks, for being with us.

Perhaps I'll start with my friends the vintners, since I'm the Niagara guy around here and I know the wine. I've frequented many of your wineries in that neck of the woods.

You talk about the market-share loss that's been experienced in the last number of years, which I think is a fairly shocking statistic to most Canadians. That a local industry that people see as successful has only 32% of its homegrown market—the smallest market share of any wine industry in the entire world—is quite something.

Could you speak to what we need to be actually doing? The VQA obviously was an important program, but are there some price-point pieces that work into that around how it competes with offshore wines, whose price point is not always the same, and in some cases is less? How do you see those types of programs expanding, or how can we can reinforce them so that we can grow that 32%?

You set a benchmark at 50%. I'd prefer the benchmark to be higher, of course, but I'll let you speak to that.

Mr. Dan Paszkowski: Thank you very much.

It's 50% by 2020. We'd all like to be higher than 50% going forward, and probably closer to the range that our foreign competition is at, such as Spain, Argentina, Chile, etc. A big problem that we have is the ability to sell our product. Unlike the situation with any other agricultural product, we have limited choices. We can sell it at the farm gate—and hopefully somebody drives down the gravel road. There are a handful of wineries that have licences to have their own retail stores predating the free trade agreement, and there are the liquor boards across Canada.

You might have a couple of hundred, a couple of thousand, people passing through your wine gate in a given year, depending on your location and your size, but there are literally millions of people walking through liquor board retail stores on a daily basis. The unfortunate part is that only 6% of total sales are 100% Canadian wines. There are only two jurisdictions that have greater than 5% of total wine sales in Canada—Ontario and British Columbia. The remaining liquor boards across Canada sell less than 5%. In fact, you will have five jurisdictions in Canada that sell less than 1% of 100% Canadian wines. It is the decision of the retail sector as to what they will sell.

We don't have the opportunity to promote our products across Canada, because consumers cannot bring wine across provincial borders. As much as we attempt to attract tourists—and we do attract tourists, who go home and would like to order some of the fantastic wines they've tried here—or wine connoisseurs who read the wine trade or watch the television programs out there or who look at the medals we're winning and who would like to try those wines, it's illegal for us to ship them to you.

So if you put that package together, it's extremely difficult to build the industry in Canada given the interprovincial trade barriers that are in place.

• (1605)

Mr. Malcolm Allen: You talked about the use of numbers—5%, 6%, and 1%—and you talked about 100%. Those of us who know the area well know that that's a VQA standard that has been developed. Perhaps it would be nice to have on the record what you meant by that. We do sell other wines.

What exactly are those and what are the proportions of what's in that bottle? Some folks are confused by what exactly is in the bottle—Canadian, non-Canadian, and what those ratios are.

Mr. Dan Paszkowski: Sure. To meet the demand in Canada for wine, we have two parts to our business. Number one is what I've mentioned, the 100% Canadian wine. That would be 100% Nova Scotia wine, a 100% Quebec wine, or a VQA wine in Ontario and British Columbia. The other side of our business, representing about 26% of total sales, is international Canadian blends. That represents about 85% of Canadian wine production in Canada, and it's a combination of both Canadian grapes and wine from foreign countries.

There is no federal regulation of the breakdown in terms of Canadian and foreign content. However, in the Province of Ontario currently, to label your wine a blend of international and Canadian wines, the Ontario government requires you to have 40% Canadian content. That should be about 25% on average after 2015. Other jurisdictions don't have requirements as to the percentage of Canadian content in an international/Canadian wine blend.

Mr. Malcolm Allen: Thank you.

The Chair: Your time is up, Mr. Allen.

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

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thanks for coming.

I have a question for Dan.

I'm sure you're aware of fellow-British Columbian MP Dan Albas's Bill C-11, An Act to amend the Importation of Intoxicating Liquors Act. It basically deals with the interprovincial problems and takes down those barriers.

You've explained a little bit about the benefits if we do that. Can you explain specifically the benefits to the domestic market in terms of the numbers? If that bill is implemented, as we hope it is, what's going to happen for Canadian producers afterward?

Mr. Dan Paszkowski: We have been looking at amending the Importation of Intoxicating Liquors Act for many, many years. We first attempted to work with the liquor boards to establish and put in place a personal exemption. However, we had no success. Their alternative was to make an attempt to sell more 100% Canadian wines in their retail stores across Canada. That has happened to a certain degree, but not to a level that would enhance our competitiveness and grow our market share in Canada.

Taking a look at Mr. Albas's bill, the best benchmark that we have is the United States. In 2005, the Supreme Court made a ruling to open up the borders to interstate trade in wine. Since 2005, 37 states have amended their state laws to allow for direct-to-consumer delivery, including 70% of controlled states in the U.S., the equivalent of the liquor board system we have here.

The total direct-sales market in the U.S. represents about 2% of total wine production, of which 1% would be wine purchased at the tasting room—in other words, the type of sales that are taking place right now. When he's selling a case of wine to a tourist in his winery, the vintner has no idea whether that consumer is an Ontario or a British Columbia resident. It's a sale.

The other 1% of direct sales in the U.S. are shipped by the vintner from a tasting room to another state, through a winery wine club, via the Internet. Believe it or not, you can sell wine on the Internet in the United States. Or it's done over the telephone or that form of direct shipment. That's what we're seeking here in Canada. We anticipate that it would probably be similar or about 1% of total Canadian wine sales.

Now, speaking about 100% Canadian wines, not the international Canadian blends, 95% of the international Canadian blends sell for under \$10 a bottle. Shipping a bottle of wine from British Columbia to Ontario, or vice versa, costs roughly \$4 per bottle, so you're looking at wines that are probably over the \$15 price point.

If you follow that mechanism of 1% of total VQA sales in Canada, you're looking at probably somewhere between 25,000 to 30,000 cases of wine per year. That's a small amount in comparison to total wine sales in Canada, which approach 500 million litres, but it would be extremely beneficial to the small and medium sized wineries, most of which can't access the liquor board system. It would encourage their ability to grow, it would keep more margin in their pockets, and it would give Canadian consumers an opportunity to taste the fantastic wines that we have, thereby encouraging the liquor boards to sell more 100% Canadian wines. As a result, when they're stocking more wines on their shelves, they're going to make more sales.

The wines we're talking about aren't currently sold in the liquor board system. If they were, you wouldn't want to purchase them and pay the \$4 a bottle transportation charge. These wines are not available because liquor boards are not listing them.

● (1610)

Mr. Bob Zimmer: Okay.

Do I still have some time left?

The Chair: You still have a minute.

Mr. Bob Zimmer: I just have a question for Kevin.

You mentioned that you had a mentorship program for young farmers for organic. What else would you specifically do to attract young farmers to organic farming, or just to farming in general? Being that you are a young farmer, I guess you're the best one to ask.

Mr. Kevin Klippenstein: Are you asking what we're doing to get more people into farming?

Mr. Bob Zimmer: Yes, what would you suggest?

Mr. Kevin Klippenstein: I guess I'd suggest getting people to talk about it. The biggest thing right now is land value. People are saying that they can't get into farming; we have probably 20 people coming to us every year who want to get into farming, but they feel the land is restrictive. So we say, "Well, come to our farm and we'll teach you how to make it work." We do farmers' markets, so we have that direct contact all the time, but there's no actual program or anywhere for young people to go.

There are a couple of universities in B.C.—Kwantlen Polytechnic University and UBC—that are trying to start some programs to get people in, but they always get stuck at the land prices and how to handle that. So people are starting to look at co-ops and land sharing, and approaching farmers to say, "Hey, you're already farming, you're

going into retirement—is there a way we can do succession planning with you?"

There are items out there, but there's just nothing to be spread to the people.

Mr. Bob Zimmer: Annamarie, do you want to add to that?

Ms. Annamarie Klippenstein (Board Member, Organic Farming Institute of British Columbia): Yes, there's a huge disconnect there.

Basically, there are a lot of young people who are interested in getting into agriculture. With our program, we're taking 10 students on every year right now, and we're turning people away. They're going to other farms, where they're used more as a labour pool than anything, and they're not getting that connect. We definitely do a connect with our program, and we have a bank of accessible land from people who have said to us, "We have this land—if you find someone, they can farm it."

I think some kind of program has to be put in place, where landowners can register if they want to lease their land, and where land can be searched by the type of land people are looking for. Right now, there's a huge disconnect. At between \$75,000 and \$125,000 per acre, young people can't get into farming in B.C. unless they have access to land. The cost of land prohibits that right now.

● (1615)

The Chair: Thank you.

Now we'll go to Mr. Valeriote for five minutes.

Mr. Frank Valeriote (Guelph, Lib.): Thank you all for coming up today.

Dr. Sparling, I appreciate the comments you made on Growing Forward 2, and some of the recommendations. Perhaps unlike the others here, I've had the benefit of listening to you speak on a couple of occasions now, typically on the need for a national food policy. I attended one of your events at the university in London about a year and a half ago.

For the benefit of others around the table, I would point out that New Zealand, Scotland and the United Kingdom all have a national food policy. To me, it's a meaningful, intentional document that pulls everything together, not just piecemeal things. I'm wondering if you could talk to us about the benefits of a national food policy for the farmers, the processors, and even down to the consumers, as well as its value for nutrition and health care, and all of those things that would be found in that policy.

Dr. David Sparling: First of all, there's a national food policy, but there's also a national food strategy. To me, the food strategy is the industry strategy for how we're going to be successful in the future, and the policy is the Growing Forward framework that actually can support that.

Mr. Frank Valeriote: Let's talk about the strategy, then.

Dr. David Sparling: In regard to the strategy, there are a number of initiatives. The Canadian Agri-Food Policy Institute has one; the Federation of Agriculture has one; and now the Conference Board of Canada is starting into this space. The common themes you see in a national food strategy are that somehow we have to make sure this industry remains competitive on an international scale, because we do compete. We sell a lot globally and we have to compete with imports. That's come up very clearly.

The second leg of that whole thing tends to focus on the issue of food and health. So what are we doing, first, to take the unhealthy ingredients out of food and, second, to add more healthy ingredients, and what are we doing to change the way people consume food and think about food as well?

Looking ahead, whatever we do needs to be sustainable, and farmers understand sustainability because they have to. But it's becoming much more significant, and it's going to be driven from a number of sources; for example, the Walmart initiative is going to change the way a lot of people have to deal with it. So there are those three elements.

In terms of the benefits to the country of having a national food strategy, first of all, a national food strategy has to be a pretty big picture and say these are the large targets. We want to increase our exports by so much. We want to expand organic local agriculture by so much. We need to have some specific targets, but at a very high level.

If you do that—and this is why I've been talking to industry leaders a lot—then it's easy for government to ask what policies would align with that strategy and make sense and what policies would actually impede that. Some of the regulatory issues are obvious impediments to achieving a healthy diet, for example, and the ability to even talk about a healthy diet.

So there's that interaction between the two. I've been encouraging the three main groups that are doing it to get together—and they have been slowly coming together, but not very quickly—and come up with a national food strategy to say here's what we're going to do. I think the CAPI one is probably the closest, but the Federation of Agriculture's aligns very nicely too.

Realistically, is that going to reshape Growing Forward? I've been involved with the national consultations on that, and I don't get a huge sense that the national food strategy is going to come into play fast enough to really influence the Growing Forward policy framework. But there are elements that are very clear: what can we do to support more innovation through the Growing Forward; what can we do to support more international market development; and what are the things we can do as programs that will support sustainability? It's those elements, and also, within the BRM programs, looking at those to see which ones make sense and which are probably not doing exactly what we want.

Mr. Frank Valeriote: In wrapping up, is the strategy something that...? Right now we've got silos: we've got the Ontario Federation of Agriculture developing one and you said the Conference Board—

Dr. David Sparling: There has to be one strategy.

Mr. Frank Valeriote: One strategy.

So should there be a leadership role of the federal government to pull this strategy in, pull it together, and the government adopts it in consultation with the provinces and deploys it through its policy?

• (1620)

Dr. David Sparling: Yes.

I think the government can play a facilitating role in doing that, in helping bring those players together and in also helping to have a discussion around what the relationship is between the strategy and the Growing Forward framework, and which pieces would really support a strategy. I think there's a huge opportunity for that.

In a lot of these cases government has an incredibly important role as a facilitator and a connector.

The Chair: Thank you.

Mr. Payne, you have five minutes.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Chair. I have a few questions for the witnesses through you, Chair.

First, I'd like to thank the witnesses for coming today. I know it's important for us to hear your questions. I want to follow up on some of the comments and questions by my colleague, Mr. Zimmer.

In terms of wine, currently you can ship that to any liquor outlet across the country without an issue, I presume, if they are ordering it from you?

Mr. Dan Paszkowski: Yes. The federal law requires that any alcohol entering a province has to go through first receipt, which means it has to go through the liquor board in that jurisdiction and that all taxes are paid. It's illegal to move alcohol without going through the liquor board system in accordance with federal law.

Mr. LaVar Payne: So I can't order any liquor and send it elsewhere?

Mr. Dan Paszkowski: No.

Mr. LaVar Payne: I mean to another province.

Mr. Dan Paszkowski: The penalties for the first offence are, I think, \$200; for the second offence, \$600; and for the third offence, between six and twelve months in jail.

Mr. LaVar Payne: My goodness. That sounds a little drastic. Thank goodness I don't have a car to—

Mr. Dan Paszkowski: And you get a criminal record.

Mr. LaVar Payne: Fortunately, I don't take a suitcase back and forth.

You did indicate the drop in the market down to 32%. Is there any specific reasons for that drop?

Mr. Dan Paszkowski: In part, prior to free trade, the grapes that we were producing were not your typical Chardonnay, Merlot, or Cabernet Sauvignon that the world was used to. They were hybrid grapes that were more in line with the climate in Canada.

Also, the markup structure on foreign wines was significantly higher than it was on domestic wines. So with free trade, national treatment obligations required equivalent cost-of-service provisions to be put in place for both domestic and imported wines, which required us to invest in our vineyards and in new grapes. We had to do a pullout program, that is, to pull out all the hybrid grapes, and transplant those with Chardonnay, Rieslings, etc.

We can do that, and we can produce fantastic wines. However, the cost of production in Canada is significantly higher than it would be in Argentina. As well, the maximum size of the wine industry in Canada is limited by our geography and our climate, so the economies of scale aren't there.

In a nutshell, it does cost more to produce a litre of wine in Canada than it would in many other countries around the world.

Mr. LaVar Payne: What do you see Growing Forward doing for your industry?

Mr. Dan Paszkowski: I think the key thing we're trying to get across here is to help support the competitiveness of the Canadian wine industry by addressing barriers to trade as a starting point. The largest barrier to trade that we face right now is within our own country. Moving wine from province to province is very difficult. We are one of the only retailers in the world that has to say no to a consumer who wants to buy our product. But we also depend exclusively on the liquor boards to be able to market our product. They are a fantastic partner when they're selling your wine. However, to be able to sell your wine, there has to be some knowledge of the Canadian wine product out there, which there isn't right now.

That was a point we were trying to make. Our competition is coming to Canada with millions of dollars of federal funds to market their products. California hits every major centre across Canada once per year. The liquor boards love it. When consumers know what your wine tastes like, they want to buy it. It's an opportunity to list that wine in the liquor board.

We don't have that for Canadian wines. We used to. Back around 2000, right after free trade, Agriculture Canada had a program known as Canada à la Carte. The wine industry, the federal government, and the Fairmont hotels partnered. We did white tablecloth tastings with Canadian food across the country. It was a fantastic opportunity. We were very young back then. We're much more mature. It would work better today than it did then. We need that type of program to be able to support Canadian products and encourage Canadians to consume more. If they did, there would be significant dividends.

Within Ontario, the most recent research would suggest there is an \$11.50 multiplier on the sale of an Ontario bottle of VQA wine, a \$7.72 multiplier on an Ontario bottle of international-Canadian blended wine, and a 67¢ multiplier on a bottle of imported wine, yet imports represent 68% of sales across the country.

• (1625)

The Chair: Thank you very much.

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

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

I'll direct my questions to Annamarie and Kevin, if you don't mind.

First of all, congratulations on winning the Canadian outstanding young farmer's award. You also won the B.C. young farmer's award, so very well done. Thank you, and thanks for being here.

I visited your farm and I can see why.... I saw how you went from your double-wide and five acres with no experience to something like 40 acres, a beautiful house, and mentors. It's just an amazing success story.

Thank you for your position on GMOs.

I'd like you to share some of your success story and recommendations with us. You're also very much involved in the organic institute. Kevin, you are the president. You mentioned that you would like to offer another course on ground crops in the spring. I think it would be interesting for the committee to hear how you would do that. I know it would be online, plus hands-on.

The other thing is this whole farm mentorship idea. You have people living, working, and gaining experience there, and then going into agriculture. What role could government play to make it even better?

On my last question, if I remember correctly you almost farm year round with your set-up of greenhouses. How can government assist farmers in doing that so we can get produce going year round?

That's probably enough for my five minutes. Go for it.

Mr. Kevin Klippenstein: In the Organic Farming Institute, our courses are all developed so they are online. People all over Canada and internationally can take them. We have some students who have applied from other parts of the world.

The courses are pretty in-depth, with videos. We have a teacher available through email who marks everything. So far we've been putting things together on soil management so people can know how to manage the soil to produce healthy food. Now we've gone to the next step of producing ground crops. That course is going to teach people how to make a living off ground crops.

We have funding through SIBAC to take five acres of land and turn it into a profitable business planting garlic or tomatoes and selling directly, or that kind of thing. We're looking at developing courses in the next few years to help farmers make money. We're talking about ground crops, organic vintners, and greenhouse production year round. We want to start doing business planning.

For the institute it's all about getting young people into farming—or even old people who want to retire at 50 and become farmers, which happens a lot. That's how they spend their retirement.

I think the second question was on our mentorship program and getting people into farming. I guess the biggest thing is land value and help. There isn't really anything out there for people—at least that we know of—to access that through the government. There is a career focus program where they will pay 50% of the wages, but it's really a mentorship program. It doesn't really involve any training per se.

We've gone the extra step and provided training on tractors, business, and marketing techniques through CSA, or community-supported agriculture, to sell through farmers' markets and deal with restaurants and distributors.

Help me out here.

• (1630)

Ms. Annamarie Klippenstein: Well, basically it's about how to start a farm from ground zero, basically how to set up a business plan. For example, you can't buy five acres of land and plant carrots and then say you have five acres of carrots. So what are you going to do, how will you sell them, or where will you move them to? You must have a business plan that goes along with that.

If that's what you plan to do, you're going to have to market that and have a market for it before you produce it. A big part of our mentorship program is setting up these things. We don't charge a fee for our mentorship program; it's definitely an on-farm learning experience. They do get paid a stipend, but at the same time it's a modest wage.

Our focus is to get more people into agriculture. If there were government support behind that, it would support some of the learning things we're doing, working 24/7, trying to put these things together. It would be helpful. There are a lot of apprenticeship programs and mentorship programs out there, but there's no standard to them. There is no consistency, so people are getting information from everywhere.

Mr. Kevin Klippenstein: There's no funding. Everybody is basically trying to do whatever they can—and that's about it—in trying to help people go into farming.

What was the third question?

The Chair: Be very brief, because we're way over time. I've been generous.

Actually, I think we'll move on to Mr. Lobb for five minutes. You'll maybe get a chance to—

Mr. Ben Lobb (Huron—Bruce, CPC): My first question is for Mr. Paszkowski.

The document you provided focused mostly on retail. In the area I represent, in Huron County they're looking at planting about 100 acres of grapes in the next couple of years. I was wondering if it was simply an omission on your part that there's no focus on R and D for new breeds of grapes or specific types of grapes that will grow in different climates. Is that something your organization supports? Where are we on that one?

Mr. Dan Paszkowski: We developed a national wine and grape strategy that we released in 2007, hoping that it would fit into Growing Forward 1. It dealt with exactly the things you're looking at.

Currently we have research taking place within a region—in Ontario through Brock University, Vineland Research, and in British Columbia through—

Mr. Ben Lobb: I'll cut you off and say that if there's stuff you'd like to add, in addition to what you've provided to the committee, on what you'd like to see in Growing Forward 2, specifically about R and D or research, or anything you're talking about at the university level or at the crop level, please submit it to the committee. We want to make sure it gets captured.

Mr. Dan Paszkowski: Absolutely. We would welcome that.

Mr. Ben Lobb: The next question I have is for you folks. One comment you made was about \$1 billion in sales. Is that in Canada?

Mr. Kevin Klippenstein: That's in Canada, through farmers' markets.

Mr. Ben Lobb: It doesn't mean specifically organic—

Mr. Kevin Klippenstein: No, that's through the farmers' markets.

Mr. Ben Lobb: Yes, okay.

One question I had for you is this: You talked about funding for infrastructure, education, apprenticeships, and I think you mentioned hoop houses specifically, and maybe greenhouses, and geothermal. Do you think that's something the government really should be investing in? Or should something like a hoop house or geothermal be the primary producer's responsibility to fund, either through capitalization or from cashflow through their operations?

Mr. Kevin Klippenstein: Perhaps grants could be available, or something like that, so they could repay it. But a lot of farmers are scratching by with nothing and they don't have capital to do it.

The farmers' markets in Vancouver are actually going a step further and trying to save up money to have a nest-egg fund for farmers so they can get a 0% loan. But again, when you have 70 different farmers and somebody wants to spend \$13,000 on a greenhouse, where do you get that money from?

It's one of those things where if you have the money to build it, and then you can make more money from it. But if you don't have the money to begin with and you go to the banks, the banks will look at you and say, "No, you're not making any money so we're not going to lend you any money." You're stuck between a rock and a hard place. How do you fund something if you don't have any money to fund it with?

• (1635)

Mr. Ben Lobb: Right.

I have a question for Mr. Sparling. You said that as a class, small farmers lose money. On an income statement, just so we're clear, is that on a net income basis or is that, say, at the contribution margin or the operating margin or EBITDA? I think there is a distinction there.

Dr. David Sparling: It's actually before interest and depreciation that the small farmers are losing money, and this is as a class. On average they tend to lose money year after year after year.

If you look at aggregate farm income statistics, you will see that on average Canadian farmers lose money. Almost half of them sell less than \$100,000 a year, and the average sales for that class are about \$39,000 a year. It's very hard to make a living selling that much.

Mr. Ben Lobb: Okay, I just wanted to make sure we weren't talking of net income.

Dr. David Sparling: Well it's net income, but it's actually before interest and depreciation, so net income would be even less.

Mr. Ben Lobb: Okay, it's before net income.

The last question, if I have time for one more question, is for the Klippensteins.

Kevin, in your presentation you said you'd like to see GMOs extinguished. Was that what you mentioned? I wonder what that meant and why you would say that.

Mr. Kevin Klippenstein: The biggest problem for organic agriculture is the GMO cross-contamination. As long as there are GMOs out there, there is the chance of cross-contamination. With corn, we're seeing that now. We have all these other vegetables that are starting to have it, and it could wipe out the whole organic industry.

Mr. Ben Lobb: Just so I'm clear, in your presentation you said that if you could be in charge tomorrow, you would extinguish all the GMO crops in Canada.

Mr. Kevin Klippenstein: Yes.

Mr. Ben Lobb: All right. I'll just end it there.

The Chair: Okay, you're out of time.

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

[Translation]

Ms. Francine Raynault (Joliette, NDP): Thank you, Mr. Chairman.

My question is for Mr. Klippenstein.

What advice would you give new farmers who want to practise organic farming?

[English]

Mr. Kevin Klippenstein: We just had this question last week from an outstanding young farmer.

The tip we would give him would be to get a mentor, to talk to other farmers to see what they're doing and to work with somebody—a perfect example being us. I would also say to sell to the consumer wherever possible. That's where you're going to get the most bang for your buck. The more distributors you go through, the less money you make.

The key thing would be to work with somebody who is actually farming and making a living. Enjoy what you're doing. If you're going to grow wheat just to grow wheat but you don't like growing

wheat, I wouldn't grow wheat. You have to be passionate about what you do. I think a mentor is the biggest thing.

[Translation]

Ms. Francine Raynault: Thank you. A little earlier in your presentation, you talked about identifying transgenic foods? As I told my assistant at lunchtime, I bought radishes a few months ago. However, after a few weeks in the fridge, they were just as good as when I bought them. So I wondered about the foods we eat.

How could foods be identified? What do you want us to do?

• (1640)

[English]

Mr. Kevin Klippenstein: I'm not really up on GMOs and all the chemical studies behind it and everything, but I do know that a farmer from Saskatchewan I talked to a few weeks ago was saying that farmers could figure out right to the 0.001% that something was infected with GMO. They can do tests and figure that out.

Labelling would be the most important thing. They should just be able to label it. Then everybody could make their own decision on whether they buy it or eat it or not.

[Translation]

Ms. Francine Raynault: In that case, should an act or regulations be enforced to require producers or companies to specify what products contain?

[English]

Mr. Kevin Klippenstein: Yes, I think there should be an act, something that says you have to do it, no wishy-washy yes, no, or maybe. There should be an act that says you have to label GMOs.

[Translation]

Ms. Francine Raynault: Mr. Paszkowski, you said in your presentation that it was fundamentally important to get closer to the international market and increase the presence of our products.

How should we go about doing that? Would it take more than one week a year to promote your wines and introduce them to the public?

[English]

Mr. Dan Paszkowski: I think in general Canadian wines are not as well-known around the world as French or Australian wines. However, through federal funding we have been able to participate in some of the most prestigious competitions around the world. We have won Best Chardonnay in the World, Best Shiraz in the World. We always win Best Icewine in the World. We do have a reputation out there for producing quality wines. We don't have the volumes that some other countries may have.

What we'd like to see in Growing Forward 2 is a continuation of the federal agrimarketing program, which is the 50¢ on the dollar that we receive to support our activities in foreign markets, whether that's participating in competitions or bringing key influencers back to Canada to see our wine country, taste our wines, and hopefully go back and write about them. That creates the opportunities for development of export markets, which is exactly what our foreign competition is doing.

The point that we're trying to make in the presentation is that it's become extremely cumbersome to fill out the applications to get the \$200,000, for example, that we've received over the past couple of years—and significantly less this year than in other years. We're currently in the process of putting in our fourth application for funding, which takes weeks to complete. It's not business-friendly. The program is excellent, but the need for transparency within the federal system has created an extremely onerous task for industry to provide the information on a regular basis. The approval system is sometimes delayed, which means that we have to lapse funding. We can't participate in certain projects we had intended to, because the approvals don't come fast enough. So the funding is great. The program is great. It's what all other countries provide to their industry to build their markets. There has to be some work done in terms of the administration of the program to ensure that it can become as successful as it's intended to be.

The Chair: Thank you.

Mr. Sparling, if you do it very briefly, I'll let you comment.

Dr. David Sparling: Okay, thanks. It's not to comment on this one, but actually on the GMO question.

There are two ways you can test for GMOs. You can test for the DNA or you can test for the protein that the DNA actually produces.

I just want to comment on banning or labelling. Part of the reason we don't label is that the science says the results from these are roughly equivalent. That's part of the reason why we don't. Also, Canadian farmers find genetically modified crops to be an incredibly valuable tool. We've built our canola industry on it. It's allowed our Canadian farmers to change and go to no-till farming, which reduces both the amount of spraying and the energy used. It also reduces erosion and things like that. It's particularly important in Alberta. It's an incredibly important tool for Canadian farmers, and they would be extremely upset if we took that tool away. It would also make us less competitive on an international basis.

•(1645)

The Chair: Thank you.

Mr. Storseth, you have five minutes.

Mr. Brian Storseth: Thank you very much.

I'd like to thank all the witnesses for coming. These are very interesting presentations today. Unfortunately, we don't have enough time to ask everybody all the questions we'd like.

Mr. Klippenstein, I'd like to ask you a couple of questions off the top. Is the Organic Farming Institute an institute that you run?

Mr. Kevin Klippenstein: Yes, as a volunteer.

Mr. Brian Storseth: Do you and your wife fund this yourselves, privately?

Mr. Kevin Klippenstein: No, the Organic Farming Institute was actually started as an economic development kind of project. It was for the value, through the Keremeos-Cawston communities. They got together and said, "How do we bring economic development in?" They got some funding that way and got started. Our regional director was the board member and the chair.

There were not many courses happening. I joined, and we went through a bunch of different board members. We have the manager of a bank on the board. We are on there. There's George Hanson, a winery, and there's the regional district director. There's Rochelle Eisen, who used to be the organic extension agent for B.C.

Mr. Brian Storseth: That's all right, I just was curious.

You had mentioned in your comments that organic production attracts a high number of new farm entrants. Do you have a number on this?

Mr. Kevin Klippenstein: I can tell you that just through the farmers' markets themselves, the majority of all the new vendors are all new, young farmers who are all farming organically.

Mr. Brian Storseth: Would that be something that's more symptomatic in your area? In my area, 98%, 99% of farmers are not organic farmers.

Mr. Kevin Klippenstein: This would be in B.C., and it's probably due to the high price of land. All our pieces of land that we buy are five-acre parcels. You're looking at \$500,000 for a parcel of land. So to make it viable you almost have to farm it organically and sell the produce in a niche market.

Mr. Brian Storseth: So you admit, though, this may not work in places like Saskatchewan, Manitoba, Alberta, where you're farming 4,000 acres at a time?

Mr. Kevin Klippenstein: I do know of several farmers who are actually in Saskatchewan and Alberta and are farming organically.

Mr. Brian Storseth: Would it be your argument that most of the new farmers in Saskatchewan, Alberta, and Manitoba would be organic farmers?

Mr. Kevin Klippenstein: I wouldn't know that one, no.

Mr. Brian Storseth: I'm assuming from your comments that you would be against the low-level presence argument?

Mr. Kevin Klippenstein: Yes.

Mr. Brian Storseth: Okay.

Now I have one last question for you. You said access to land is one of the biggest barriers. I'm assuming you're talking about the cost of that land.

Mr. Kevin Klippenstein: Yes.

Mr. Brian Storseth: Thank you very much. And thank you for the work that you do.

Mr. Sparling, I just wanted to ask you a quick question. You had also mentioned access to land and its cost as being an impediment to new farmers coming in.

Dr. David Sparling: Land costs have gone up quite a bit over the last few years and land just continues to increase. Now, in our area it's not nearly like that; it's more in the \$10,000-to-\$13,000 range. But still, if you put together a 200-acre parcel, that's a pretty significant chunk.

On top of that, there is the whole value of quotas. In a lot of the interesting parts of agriculture—dairy especially, which a lot of people want to get into—it's extremely difficult because you need millions of dollars to access that quota.

Mr. Brian Storseth: I agree with you. It just seems that in my area all the older farmers don't want to sell their land for a cheaper price so that the younger guys can have access—

Dr. David Sparling: No. Actually, what you're starting to see, and you're seeing this out west particularly, is venture capital firms starting to say, "If you need 4,000 acres and you have 1,000, we'll buy the other 3,000 and lease it back to you". There's a company in

•(1650)

Mr. Brian Storseth: Would you say that's a positive situation?

Dr. David Sparling: I'd say it's a reaction to the reality of the situation. If you need \$5 million to get into business, you probably aren't going to have it if you're 26, 28 years old. People in other businesses lease factories, lease equipment. In agriculture we've always had the view that you need to own everything. But I'm actually not sure that's realistic going ahead, in their situation where it costs one-half-a-million dollars for five acres. If you could lease that and have some kind of an arrangement with the owner, then the owner will get some of the capital gain and some of the income. That's one way to do it.

Mr. Brian Storseth: I have two quick questions because I'm going to run out of time.

Mr. Sparling, you had talked about improving productivity. That's something that I think is very interesting. Perhaps you could just comment on that briefly.

Mr. Paszkowski, my colleague had talked to you about Bill C-311, Mr. Albas's bill. What would be the actual net benefit? Do you have an idea of where that would leave you if this bill were passed? Is there a dollar figure that you could see and put a tangible number on?

Who wants to go first?

Perhaps, Mr. Paszkowski, you could go first.

Mr. Dan Paszkowski: No, I can't state an actual dollar figure that a winery would make. The smaller wineries would be the largest beneficiaries, because they'd be selling the largest percentage of their total production through direct consumer sales and keeping the margin in their pockets and building a consumer base. The largest wineries will have a smaller percentage of their total sales in a direct consumer market, because they're already very much engaged in the liquor control board system. They have agents in every province, which a small producer can't have. So they will probably be selling a larger volume but a smaller percentage of total sales.

Based on the markups that the liquor boards have in place—a 66% markup in Ontario and a 133% markup in British Columbia—you're

getting about \$3.46 from a bottle of wine that sells for \$10 at the Liquor Control Board of Ontario. That's what the producer gets. He has to pay for his bottle, his cork, his label, and his foil. You have to look at the overhead, the employees, the electricity, the viticultural work, and the grapes. There's not a heck of a lot left over. If he sold that wine directly from his winery to the consumer, he'd have to provide the PST and the GST to the government, but he'd be able to keep the majority of the profit in his pocket.

Currently the margin to the producer is roughly about 40%. So you'll see that farmers will be able to keep more in their pocket. They'll be able to invest more into their business. They'll be able to become more profitable. As they become more profitable, they'll be able to diversify whom they sell their wine to and enter into the liquor board system, I hope.

The Chair: Very briefly, Mr. Sparling.

Dr. David Sparling: Okay, very briefly. I'll do two levels.

On food processing, I think that programs to help people invest in new technology and new methods like lean manufacturing and so on are very important.

At the farm level, I have two things to say: Productivity is inputs over outputs, or outputs over inputs. So I think research into Canadian versions of global crops is very important in many cases. Helping farmers adopt new technology, precision agriculture, and GPS-based systems could help on farms. But the crop level needs to be done more at an industry level, so that's probably university or government researchers. Both of those are important.

The Chair: Thank you.

Mr. Rousseau, for five minutes.

[*Translation*]

Mr. Jean Rousseau (Compton—Stanstead, NDP): Thank you, Mr. Chairman.

My first question is for Mr. Sparling.

What should the government do as part of the new Growing Forward 2 strategy to facilitate farmers' day-to-day management? I'm especially talking about administrative red tape and local health and marketing regulations in the domestic market. I want to know what should obviously be done.

[*English*]

Dr. David Sparling: What is obvious to me is that small farms need different kinds of things from larger farms, so they need help accessing markets. That can be help with setting up networks, and also help with understanding how consumers are shifting, becoming more multinational, and so on.

There are some regulatory burdens on small farms—and the Klippensteins could answer this better than I can—though these are probably more in the way of regulatory impediments than burdens. It's not so much in terms of day-to-day operations, but how much time they spend on regulatory compliance, and what it allows them to do. So what should be happening there?

Overall, under Growing Forward, to me the biggest piece is how businesses are going to be successful in different categories. If we're going to have a lot of small farms, those have to have high margins or they're not going to be successful. When we look at small farms we always see that a quarter of them do well, and it's because they connect directly with the consumer. So they need different things.

The larger farms usually need to be cost competitive, globally focused. So they need information about global markets. They need help being part of trade missions and so on to connect to global markets. They also need the research base to be more productive, and that helps both small and large farms.

• (1655)

[Translation]

Mr. Jean Rousseau: But wouldn't you say that, with regard to information exchange, neither big or small producers are doing enough to maximize the use of new technologies?

[English]

Dr. David Sparling: Very much so. The agriculture and food sectors lag behind everybody else when it comes to using information technology. The fight against traceability to me is ridiculous. It helps identify your product as organic or local, which gives you a brand advantage. It also gives you good management information on which fields did the best, and which transportation company did the best. That to me is just a no-brainer. In every other industry they say it's good business to know where your product has been and what's happened to your product. If you know that, you can manage more efficiently. So traceability is one of the pieces I think has to be in our future.

We also need to become better at social media, which we don't really understand. That's important. I think there are 46 million people in the world on FarmVille on Facebook. Well, I don't think there are that many farmers in most of the developed world. It's 80 virtual...compared with one real farmer in the United States. There's this whole space. I have a Ph.D. student who is doing some interesting stuff on that. We need more of that to understand how we to use social media.

[Translation]

Mr. Jean Rousseau: My question is for both Mr. Paszkowski and Mr. Klippenstein.

A number of witnesses have emphasized that there were losses in their production and in various agricultural sectors, that they could represent as much as 30% of production and that they were undermining productivity.

What about organic farming and vineyards? How is this problem being addressed?

[English]

Mr. Kevin Klippenstein: In the organic sector, there have been losses as well. Within what we're doing, we're very diversified. So if our peaches freeze out, for example, we plant more squash, or we plant more onions. We're a little different. We don't have crop losses so much. Overall, at the end of the year, we tend to either climb or stay the same. With other areas that are more mono-cropped, like organic potatoes, if they get flooded, they're wiped out.

[Translation]

Mr. Jean Rousseau: And you, Mr. Paszkowski?

[English]

Mr. Dan Paszkowski: It's been a difficult couple of years in the wine industry. There's been a surplus of wine around the world. There's been an economic downturn. We have lost some wineries. Some wineries have been bought out. You have to look at doing business differently. Liquor boards were no longer selling \$18, \$19 bottles of wine; they're looking for \$12 and \$13 bottles of wine. So with your premium wines, you start producing higher-quality, lower-priced wines to be able to sell your product.

If you have inventory when the next vintage is coming in, you have a problem. If you have inventory, you can't get a bank loan, so you have to move your products. To stay alive and survive, all the wine-makers look at unique ways of producing a diversity of products that will sell to the consumers or meet the demands of the liquor boards. But it's been extremely difficult.

• (1700)

Mr. Jean Rousseau: Am I out of time?

The Chair: Yes.

We now move to Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair, and thank you, ladies and gentlemen for coming here this afternoon.

I have quite a few questions. I think I'll start with David and move along from there. David, you were talking about the risk management programs and the AgriStability program, and about maybe taking some of those funds and putting them into more innovation-style programs. It's interesting, because I was talking to a group of farmers yesterday, and they were basically saying the same thing. This group was from Ontario. I guess I don't want to put words in your mouth, but one of the comments made in that meeting was that maybe we should do less and less with AgriStability and make sure that we have a good crop insurance program and a good AgriInvest program, and then throw those funds towards more innovation and market access.

Dr. David Sparling: That's a really interesting comment because the crop insurance program works well; it's responsive, it's fairly fast, and it's well understood. Producers are generally happy with that particular program.

The AgriInvest program, again, is very easy to understand because you get a certain percentage of sales back, up to a cap. I'm not totally convinced that every farmer actually needs that, but that's another issue.

As for the AgriStability program, I did some work with the OECD, and their recommendation was actually to do more with AgriInvest and less with AgriStability. AgriStability takes a long time and it's not predictable. So people don't know when they're going to get their money, they don't know how much money they're going to get, and it arrives a year and a half later. Either they survived or they didn't. The money comes along, and they say it's nice, but....

It doesn't have to be everything out, but I think a shift of that nature would probably make a lot of sense. I think the AgriRecovery program probably does what it's supposed to do. When there's a disaster out there, a region floods out, and nobody gets their crops in, or it's completely wiped out by drought, then the government is able to respond fairly quickly. Maybe we don't have the parameters well-enough defined.

I'm glad to hear that. I've heard it from more than one producer. A lot of the people I know say the government money's nice, but they certainly don't count on it in their planning.

Mr. Randy Hoback: Again, I could go for another 20 minutes.

Dr. David Sparling: I'm sure we could talk about this all day.

Mr. Randy Hoback: There are lots of interesting ideas around that, and there's a different way of thinking now than when you were under the gun and you had to get cash to get going.

I'm going to move on to the Klippensteins.

I want to congratulate you on the outstanding young farmer award. Actually, I was nominated for that program back in '03-'04 in Saskatchewan. I didn't win, but it's a good program.

Mr. Valeriote: In 1903?

Some hon. members: Oh, oh!

Mr. Randy Hoback: You're not going to put that in my time, are you?

It's interesting. We both come from the same Outstanding Young Farmers program, but we're at different ends of the scale when it comes to the different types of production.

As a legislator, my role here is to make sure that Canadians have safe food and food they can afford. When we go through our role of dictating legislation or regulations around food safety, that's foremost in our minds. We really don't care if it's organic or not. We really don't care if it's GMO or not, because science would prove whether it's safe or not. It's hard for me to say, and to hear you say, that we should get rid of all the farmers who grow GMO, just so we can have an organic sector based on market.

Basically you're saying you're marketing organics because you perceive them to be safer. But we have no science-based facts to say that. If we did, we would do that. We, as legislators, would say if a type of food were no longer safe for you to eat.

Then it comes back to what you're really doing, which is marketing a product, and you're doing it based on, maybe, people's feelings, or wishes, or wants. That's fine, that's the free marketplace. But it's hard for me as a legislator to say that I can support you on that, because I can't.

Then I come back to you, because it's going to be really tough as we move forward, as we see more GMO crops and different varieties come forward. Alfalfa is a good example. I can look at GMO alfalfa and probably say it's safe to eat and everything else. There are all sorts of reasons in the organic sector not to do it. But there seems to be no willingness in the organic sector to look at low-level presence, because they are just marketing organic, and the definition of organic can be 90%, or it can be 85%. It's something the industry can decide will be the organic label for Canada, but they seem unwilling to do it.

How do we move forward? Is there any way to move forward? The reality is that GMOs aren't going anywhere. How are you going to survive? The reality is that you're going to be forced to survive with low-level presence. How are you going to react to that situation?

• (1705)

Mr. Kevin Klippenstein: I guess the question is whether there is science to prove that it is healthy, right now. You look at all the—

Mr. Randy Hoback: Again, we can go to science, we can go over and over it again with different researchers. With GMO foods, you can look at some of the new research coming out in the biotech sector, saying that it's producing different types of health foods for you, which the organic sector should maybe embrace, because it would reduce fertilizer, it would reduce water consumption. But the perception in your industry is that you don't want anything to do with GMO, based on a perception that it was not based on science. It was based on fear. I guess that's the fear.

Unfortunately, I only get five minutes, so I'm going to move on to my friend in the vineyard.

One more, Chair.

The Chair: Be very brief. I've been pretty generous to everybody today, so make it brief.

Mr. Randy Hoback: I just have to ask this question because constituents keep asking me this question. I come from Saskatchewan. Why can't I go to Safeway and get my wine? Why do I have to go to a liquor board store? If you go to Florida and you go down to Walmart, you can have a selection of row upon row of wine, and row upon row of different types of alcohol and beer. Why do we feel here in Canada that we need to go to a specialty store? Why do we need to limit the access from one province to the other on wine? Can you explain this to me? Is this something that we can maybe mature beyond and actually move forward?

The other problem I have is that it's not federal, but provincial. I'll leave it at that.

Mr. Dan Paszkowski: Very quickly, the federal legislation in 1928 created the monopolies and gave all of the powers of first receipt in the monopoly to a monopoly system for any alcohol entering into the province, or from out of the country coming into the province. Along with that, it gave them the right to regulate the sale of alcohol within their jurisdictions. I know in Ontario, the Wine Council of Ontario is seeking some boutique private wine stores to be able to sell both Canadian and imported wines as trade compliant. That's a decision the Government of Ontario will take. Likewise in other provinces to be able to sell wine in your grocery stores.... In Ontario, a number of wineries have private licenses that predate free trade, and they're located in some Loblaws. In Nova Scotia, the Nova Scotia Liquor Commission has included some of its agency stores in Sobeys, for example, but it's a decision of the provincial government, unfortunately.

The Chair: Okay. Thank you very much.

Mr. Lemieux, you have the last five minutes.

Mr. Pierre Lemieux: Thank you very much, Chair.

I'll just start my line of questioning by looking at the issue of business-type management when it comes to farms, and this overlaps with commodities. If you're an organic farmer, there are certain farm-related decisions that you're going to make that will have an impact on your farm as a business, but there are also business-specific issues that arise.

To give you some examples, in succession planning there are tax implications and capital gains exemptions you need to know about. One of you made a comment about servicing debt levels. This is a very real problem. Farmers need some knowledge in regard to the following. Do you service your debt when, for example, you have a good crop year like this year? Do you buy new equipment for the farm, or do you buy the farm beside you—because capital acquisitions actually have been escalating very nicely over these last five years or ten years, so it's seen as an investment? How do you make that decision?

I want to ask each one of you a slightly different question. I'll start with the wine industry. You were mentioning, for example, that if you're carrying stock from previous years, you can't get a loan. That's key information for vintners, so what I'd like to know is whether you promote business-type courses as an association. How do you promote them? Do you run them? Could you fill us in a bit on how business acumen might be developed amongst your sector?

• (1710)

Mr. Dan Paszkowski: We do a number of workshops and seminars on a variety of issues, such as export development, and, for example, on our food safety system or HACCP system that we've developed. We haven't done any business-type of educational programs. We did have that as part of our national research strategy. It was included within that.

Unfortunately, through Growing Forward 1, the funding for a nationally based research program didn't follow through. The regions went towards the DIAP regional research dollars they had control of within the region. So we didn't get the funding to be able to do the larger umbrella type of work that we were interested in.

In terms of the inventory component, it's a reality that if you can't sell your product and you have inventory, a bank will not give you a loan. If you do have a private store or another avenue to sell your wine through, you'll bring your inventory down and you'll be able to get a loan to make more investments in your facilities. Otherwise you're capped off.

Mr. Pierre Lemieux: All right. Let me just move over to the organics side.

You're running these kinds of courses, but you were saying that it costs a nominal fee, if any fee at all. One of the things that I've noticed in talking with some farmers is that they often don't want to pay. Although the farm is a business, they don't really see it as a business decision to pay for something, even an accountant. I can detect sometimes that there's resentment having to pay an accountant to do their books, and yet, to me, of course, you're running a business and you'd of course use an accountant to do your books. Why wouldn't you?

I would think the same applies to the courses you're offering. Of course you would pay to take a course from which you would benefit. Actually, I think there have been some studies indicating that when we pay for something, we tend to get more out of it because we've invested our hard-earned money in it. I'm wondering what you've detected through the courses you're running. I imagine you've looked at fee schedules, and you must have made some decisions based on either intuition or some information that you've gathered. Can you share some of that with us in terms of attitudes that you've detected through these courses you're running?

Mr. Kevin Klippenstein: Farmers don't take their farm as a business. That's number one. Even talking to old-time farmers, they say, "Hey, I'm here to grow this and plant this, and if I sell it and make some money, that's great." Business is at the bottom of the scale.

So that's one thing that we do with our apprenticeship program: We teach them business and explain accounting to them.

Mr. Pierre Lemieux: I think that's great, because there's a lot of money tied up in this.

Mr. Kevin Klippenstein: Yes, it's our biggest hurdle. Even with the Organic Farming Institute, one of the courses I want to do is on farm business. We've dealt with Community Futures to get funding, and they say there are tons of business courses out there. Yes, but this is farm business. This is different. We're really struggling to get funding for a business course. They say every small little college and everyone else has a business course, but it's not specialized for farming.

Mr. Pierre Lemieux: Right. Let me go over to David.

From your perspective, you come from a—

Dr. David Sparling: I come from a business school. I view farming as a business, and I viewed farming as a business when I was farming.

Mr. Pierre Lemieux: Do you target farmers?

Dr. David Sparling: Actually, at Ivey we do. We run a grower university for Syngenta. They bring in some of their farmers. They stay with us and learn about financial management, planning, and things like that. We have also just developed a strategic agriculture leaders program, which is to teach leadership to farm leaders. The George Morris Centre has some private ones.

Business planning has been supported pretty well under Growing Forward. I think that program is really worth continuing.

So that's the education side. On the advice side, organizations like the Canadian Association of Farm Advisors are really good sources for good people who understand the industry and can help with that.

Do I think both advice and education need to be supported going forward? Yes, absolutely. I mean, our stuff at Ivey is privately funded, but—

• (1715)

Mr. Pierre Lemieux: When you're talking about education, are you talking about courses or programs? Do you have to sign up for a one-year program, or do you offer distinct courses on the subject matter?

Dr. David Sparling: We do distinct executive development courses of one week each. You come, you live with us, and—

Mr. Pierre Lemieux: Okay, so they are quite manageable.

Dr. David Sparling: Yes. At the University of Guelph you can also do an online MBA in agribusiness. There are those kinds of things, as well. Both of those are important to the future.

A lot of the farmers I see think of their business as a business. They really do.

The Chair: Thank you.

As chair, I'm going to take the prerogative to ask a couple of follow-up questions.

Mr. Paszkowski, I appreciate and understand your frustration with the cross-provincial border thing. I wish you good luck in your fight with that. It's something that should have been ended a long time ago in a lot of provinces.

I was originally a farmer in my other life, and that would always frustrate me. We were sitting beside Quebec, which supports its agriculture much more than the Province of Ontario did. I give Quebec credit for that, but there were some other transborder issues that were unfair to Ontario. The sooner all of those are gone, the better. I wish you good luck there.

To the Klippensteins, congratulations on getting your farmers award. I think that's very prestigious. I've had a couple in my own riding who have won the Ontario version of that. It's very commendable, so congratulations on that.

I have a couple points. My wife does most of the shopping in our family, but being in Ottawa, I do a little bit. When I go into a grocery store, whether it's my wife or me, if it doesn't say "organic", we presume it isn't.

Is that a fair assumption?

Mr. Kevin Klippenstein: If it doesn't say organic?

The Chair: If it doesn't say organic, can I—

Mr. Kevin Klippenstein: —assume it's not. Yes.

The Chair: That's what we do. I came from the side of agriculture that isn't organic—unless you want to call our garden organic. We didn't spray it, and the only reason I didn't put fertilizer on it was that I had lots of cow manure and I was probably too cheap to put it on there. I put it on my fields instead. So in a roundabout way, I guess we did a little bit of organic.

My whole point is that when it comes to labelling, the bulk of our food still comes from the GMO side. As Mr. Sparling said, the science shows there's nothing out there to show it's unsafe. The bottom line is that we can put in restrictions and regulations all we want as government—which we keep getting told to do less of—or we can leave it as it is.

If I'm somebody who's bent on buying organic, which I think is a great food source and a great niche market. If it's not labelled organic, I can assume it's probably GMO. My point is that the choice is already there for the educated consumer. I just want to put that out there.

You probably have to agree with me that if it's not organic, I would assume it's GMO. Would that be a correct assumption?

Mr. Kevin Klippenstein: That would be incorrect. We deal with thousands of consumers every week who don't necessarily think it's GMO if it's not organic.

The Chair: What do they think it is?

Mr. Kevin Klippenstein: Conventional.

The Chair: Conventional, meaning what?

Mr. Kevin Klippenstein: Meaning that they might use pesticides or fungicides or herbicides, but not necessarily GMO.

The Chair: Okay, that's a good point—but at the same time, it's not organic, or natural, or whatever term you want to use. That was the point.

Mr. Kevin Klippenstein: Yes. But you're an educated consumer.

Voices: Oh, oh!

The Chair: I'll end it at that. I'll take a lot of kidding over that.

Anyway, I would like to thank all of you for coming here today, and—

Mr. Frank Valeriote: I have a point of order, Mr. Chair.

We lose time at the end of these meetings, because we don't allow each other to finish at 5:30. These people have come a long way at the taxpayers' expense. Rather than just adjourning, I don't know why you don't allow one more round, or whatever, for a few more questions. I think there's value in that.

I have a question, and—

The Chair: Mr. Valeriote, as I tried to explain to you briefly here, and I think in the past, just because we adjourn it doesn't mean that we can't talk to these people. I plan to, after—

• (1720)

Mr. Frank Valeriote: But it's for the record, and it's necessary that the questions be asked, so that their information, the valuable information that we're paying for, should be on the record—

The Chair: Mr. Valeriote, I'm not going to debate this. But I think you realize that when we start, the first place I'm going to go to is the official opposition—

Mr. Frank Valeriote: And that's fine.

The Chair: —then ourselves, and we'll be out of time.

I think you'd find it much more valuable to spend the time meeting with them.

Mr. Frank Valeriote: I'll spend that time anyway, Mr. Chair.

Mr. Brian Storseth: I just want to say thank you to the chair. I was noting everybody's time and you were very lenient; most people had over seven minutes for their question and answer, which is very lenient.

The Chair: Everybody had lots....

Anyway, I'd again like to thank our witnesses for coming and—

Mr. Frank Valeriote: Mr. Chair, I still have the floor.

The Chair: You don't have a point of order, Mr. Valeriote.

Mr. Frank Valeriote: Yes, I do.

The Chair: No, you want to debate. It's not a point of order.

Mr. Frank Valeriote: I'm trying to—

The Chair: So anyway, I want to thank our witnesses for coming. Thanks very much. We'll see everybody on Thursday.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>