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Chair

Mr. Larry Miller

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•(1325)

[English]

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

First, I'm happy to say that we're in Ilderton, Ontario. We're about halfway through our tour across the country doing hearings into the future of agriculture and, in particular, how we attract and keep young people in agriculture.

To all of our witnesses, thank you very much for taking time out of your busy schedules to be here today. Being a farmer myself, I know how hard that is to do sometimes, so we appreciate that. No time is a good time, but we thought it was easier to come to you than to expect you to come to Ottawa to appear before us.

We have two hours here, and I understand there will be eight, or possibly nine presentations.

I understand that we have Jamie and Adam Robson, who I guess are brothers....

Oh, you're father and son.

Voices: Oh, oh!

The Chair: I don't know who that was a compliment for, but....

I would ask everybody to keep their presentations to five minutes. At five minutes, I will give you a two-minute warning. The reason for this is that the presentations alone will eat up an hour. It's not that we don't want to hear what you have to say, but we want to leave some time for questioning. You can enlarge on anything else.

Also, if any of you have a written presentation, we would appreciate it if you could give that to the clerk afterwards so that if there were a few points in it that you didn't get to speak about, at least we can get it translated and give it to all the members, so that we still have it.

I'll just go by the list that's been prepared for me, which means I'll start off with Brian Lewis.

Thanks, Brian.

•(1330)

Mr. Brian Lewis (As an Individual): Good afternoon.

My name is Brian Lewis. I'll give you a bit of background. I come from a poultry and cash crop operation nearby.

I have just a couple of points here.

I'll begin with some of the challenges. There are a number of them, but a lot of them circle right back to return on investment. It's true; it's cashflows from our farms. Producers—we're price-takers, and that's part of the problem. We go and say, "What will you give me for my product?" It has nothing to do with input cost. It has nothing to do with return on investments. Other industries set their price. We seem to take it, and we have to work within that framework. We can't set our price of corn at, say, \$5.50 a bushel. It's whatever the futures are, and the basis, and that's it—supply and demand. It makes investment decisions difficult when you're looking at what to do. You just don't have that power.

Primary agricultural production's return on investment is low compared to that of other industries. Because of that, it's a game of economies of scale. We all know that. Bigger isn't always better, but it's just something you have to do to pay the bills; we have to get those economies of scale. Agriculture is a very capital-intensive industry, which just makes it that much more difficult to work with.

You really need to take a peek at the levels in having such a small percentage of income on our side versus the end-user price, whether it's consumers, whether it's another broker, or what have you. You can do that on the grain side by taking a look at the percentage of the input costs on a box of cornflakes versus what we get and what the end-user pays. You can do it on beef. You can do it on pork. You can do it on chicken. I'll just speak to chicken, because I know we get paid about \$1.40 per live kilogram. If you look at breast meat in the store, it's \$20 or \$22 per kilogram, anywhere around in there. That's a big gap. Supply management is the only thing that allows us to get our \$1.40. It's not the be-all and end-all, but it does help us to get some of that return on investment. I think it actually does work for family farms, and I think it does need to be supported through the trade talks.

Input costs are another challenge that we have. Costs of production, whether those be seed, fertilizer, chemicals, or labour, can change without any reflection on our selling costs. Our cost of a bag of corn is \$200-and-some. Chicago says supply and demand, and the price goes up or it goes down regardless of what our inputs are, and usually our inputs are contracted long before we sell them.

With regard to the concentration of power within Canadian agriculture, this happens with both input suppliers and end-users. When you get into the retail side of things, there are only a few players that you can sell to. I know on the livestock side, either you can sell it or you can't. There's not a lot of competition out there, and it makes it difficult.

Labour is an interesting one. It's getting more and more difficult for us to find qualified people. Part of it is because agriculture isn't necessarily a glamorous job. We know that with some of the job descriptions.

The other thing—again, this goes back to being a price-taker—we have to compete with other industries that can afford higher wages; there's no question about it. Because it's difficult for us to pass those costs along to the end user, that all comes out of our return on investment, so it is something that definitely needs to be looked at.

Self-sufficiency in our food supply is another issue. It comes back to supply management. Exporting as a form of growth is fine, but we must create a sustainable agricultural industry here in Canada to ensure a stable food supply for our citizens. It's absolutely true, but to have an industry based solely on exports is dangerous, because political squabbles can cause anything to happen. You can see COOL as being an artificial trade barrier, you can see it with BSE and the U.S. They close the borders and who pays the price? It's the primary producers, there's no question about it.

With regard to government regulations and level playing fields, we on the chicken side have an OFFSP program on farm food safety. It's certainly a good program, but there are additional costs to it. We have nutrient management plans that some of us are involved in. It's added costs, no question. I think we need to really look at exports coming into Canada. Are they subjected to the same costs, the same standards we are subject to? I'm not so sure they are. At times they may be, at times they may not.

That's really the big thing with imports on our side; I'll speak to the livestock. We have to watch the veterinary agreements as well. I don't have all the details, but I know in the past there were veterinary agreements signed with other companies that effectively allowed their chicken into Canada. The question is are they set to the same standards that we have? I know that we have increased standards since then. Is that being looked at, or is that something that was taken ten years ago? That's a level playing field that I think we all need to take a peek at, and it's not necessarily on the broiler side, it's with any inputs. To hold us to a higher standard than somebody else who can bring it in at a cheaper cost, and think that we can compete, simply isn't fair, and it doesn't work.

That were just a bunch of concerns I had. I'm sure most of them will come in, roundabout, but it effectively gets down to ROI: being price-takers rather than price-setters.

•(1335)

The Chair: Thank you, Brian.

I'll now move to Marie-Anne Hendrickx.

Ms. Marie-Anne Hendrikx (As an Individual): Thank you.

Let me first outline who I am and why I'm here. Some people will know me from different farm organizations, but I am here representing my family.

I have farmed with my husband for 32 years in hogs and cash crops. Both of us grew up on mixed farms, so we had a pretty good idea of what we were getting ourselves into. We have five children, and three of them have started farming, from 2001 to 2008. However, due to the situation in hog farming, we are now highly leveraged. The only thing that's got us in business is the equity we've built up over this time.

The agricultural situation in Canada, as I see it, is that basically agriculture is totally undervalued by Canadians as a whole, especially as the farming population shrinks. There are misunderstandings, even in rural areas amongst our neighbours. And the cost of food is the smallest part of a Canadian's personal budget, especially when you compare it with the rest of the world.

Historically, agriculture has renewed itself with immigration. We've brought in people willing to import new technology, as they did after the Second World War, and they make huge sacrifices in their lives to build a better life for themselves and their kids. They basically work for next to nothing until they get there.

As Brian talked about, people have to expand because the margins keep shrinking, and you need to make a living. We have inequities among commodities. The capital start-up costs are prohibitive. When I asked my kids what the government could do for them, they just kind of shrugged and said, "It costs millions to start in farming. What can anybody do about that?"

Diversification is good risk mitigation, but all the government risk-management programs that are out there, such as CAIS, favour specialized operations. Established farmers have a better chance of getting value out of the programs than beginning farmers and farmers trying to grow their business.

Canadian labour and technological and utility costs are non-competitive worldwide, and huge variations exist across the country. We have huge variations in the type and scale of farming. We have very rural populations out west and we have very urban populations in Ontario, and probably in B.C. Even in Ontario, not everybody has good access to the niche marketing you can do with an urban population.

Given that, why would we even want to encourage farmers to get into farming? And what can government do about it?

Primarily, I think we have to keep agriculture at the forefront. Mention it more often in speeches, such as speeches from the throne. Develop a vision for Canadian food production and make it readily available. I went on Agriculture Canada's website today, and I didn't see anything that made me think there was a vision of what this government believes agriculture is to the country.

Make agriculture seem like the valuable and exciting career that it is. Make us Olympic athletes. We do it 365 days a year, every year. The brand "In Canada" needs to happen domestically.

If you really want a future in farming in Canada, you have to make it something that kids want to get into. Communicate your policies to the agriculture communities so that more than just us politically active people understand what the government wants or expects from its farmers.

Let the rest of the population know that cheap food is not a long-term, viable expectation that we can continue to have—unless you want to keep trying to find immigrants from around the world who can revitalize agriculture.

I think the government has to make some decisions about direct producer supports. Either make them fair or just eliminate them.

If there are valuable incentives to be paid out, such as what has been done for food safety programs or environmental concerns, please make sure the programs are properly funded so that everybody who wants to can take part in them. Don't make them so heavily burdened in administration that the money gets sucked up in office jobs.

Encouraging innovation in all areas is a good thing, but what we've seen.... Ontario just did give out some awards for innovation, but what struck me was the huge amount of investment that comes with innovation. That can't always come up from the farm, in upfront investment.

I'd also like to say that the investment this government has made in the processing sector has been really good to ensure that our customers have the best tools to market what we do such a great job of producing in this country.

On a personal note, back when we were starting to get established, we took some bad advice from our accountant and we incorporated. What we have found now is that succession planning is a nightmare. Those people who aren't incorporated have other issues, but in some cases it's a lot easier.

Also, I have observed that generally it's pretty common that farming comes from the children of farmers. I see now that our friends who have kids farming....

We're not sure when we're going to retire, but our friends who don't have kids farming are making retirement plans, buying lots. There is no foreseeable future for people whose kids are farming right now.

Thank you.

• (1340)

The Chair: Thank you very much, Marie-Anne.

We'll go to Joe Dickenson.

• (1345)

Mr. Joe Dickenson (As an Individual): Hi. I'd like to thank you for the opportunity to speak to you.

I come to you as somebody who has covered a fair number of different commodities, from dairy to beef to organics and conventionals. I'm also sitting here as the Ontario-Quebec representative of the Canadian Young Farmers' Forum and a director with the Ontario Federation of Agriculture.

One of the things we have to do is we have to understand exactly what the scope of the problem is. The way we're going to have to do that is we have to sit down and have some sort of census, whether it be of young and beginning farmers, or whether it also looks at those who would like to get in. We need to find out what programs are working and what programs aren't. I think when you speak to most beginning farmers, you'll find that most programs are not working for them, and that has been alluded to in the past. But we also have to be looking at programs going in other provinces as well.

With the opportunity to work with Quebec, I see a vast number of beginning farmers there. What has happened there is that the province has done a very good job in encouraging young producers to get involved. We have to look and see if we can't possibly bring some of these programs out across the country, but we also have to understand that agriculture is a very big and diverse industry and there's no such thing as one size fits all.

One thing I would strongly encourage you, as the standing committee, to keep an eye on is the *capital patient* program that's coming out in Quebec through the work of the FRAQ. If this does come out and work the way they expect it to, this is something we should be looking at on a national level. It's something that's going to allow financial resources to get to beginning farmers and allow them to build up some sort of cashflow before they have to start paying back money.

We've also alluded to the concerns with return on investment. It doesn't matter what industry we're looking at, we need to have a return on investment if we're going to have investment coming in.

When I go and sit at meetings of dairy farmers, there is a much greater percentage of young producers there than when I'm sitting in at a beef producers meeting. Even though it's much cheaper to get into the beef industry, they aren't seeing a return on investments. If they want to get into the beef industry, they're taking on two or three other jobs, and those two or three other jobs could have gone to somebody else if they didn't have to pay for their "hobby", shall we say, of farming. None of them want to do that, but they have to in order to feed their families.

Something else we need to look at is educational opportunities. Agriculture is the number one industry now in Ontario, and yet when we look at post-secondary institutions, we have two that deal with agriculture: the University of Guelph, with its satellite campuses, and Trent University, as a small one. When we look at Ontario, it's a very diverse province. Concerns in the north are different from those in the west, and this is the same in all provinces. It's not just Ontario. We need to encourage the different provinces to look into this.

In regard to curriculum, I remember taking courses in grade 9 where they had a rundown of the average income of different industries. Agriculture was listed as having an average income of \$12,000. Who wants to get into that? When you're in grade 9 and you're starting to stream towards the industry that you want to get into, why would you want to look at an industry where you're going to make well below the poverty line?

We also need to make sure that when we're going into other programs.... For example, the environmental farm plan; I would strongly encourage us to look at creating a second sleeve that would provide 100% funding for young and beginning farmers, because they have other financial resources they have to put money to, but they're going to be more apt to be supportive of taking on that different technology and more environmentally sustainable practices. We need to encourage that, not discourage it.

Thank you.

• (1350)

The Chair: Thanks very much, Joe.

We now move to Jamie and Adam.

Mr. Jamie Robson (As an Individual): Adam and I are going to kind of tag-team here.

I want to thank Bev for the opportunity to be here today.

Just to give you a little background on who we are, we're a multi-generational farm, mostly cash crop. We're multiple partners. That may sound bad, but it's a good thing. So we're mostly cash crop but we also are a seed troller for a major seed company. We also are a maple syrup producer. So we are fairly diversified.

I've done a lot of thinking about this. We had ten people together in a room this morning, and everybody had a different opinion on what government should do. I think that, unfortunately, is how things have gone probably for a long time.

My grandfather was a UFO. Most of you probably don't know what that means. He was a member of the United Farmers of Ontario. He was a member of Parliament here in Ontario. I looked back on some of his speeches starting at about World War II, and the problems we have today have existed since then. At that time a lot of people went overseas, they came back, and they didn't go back to the farm, but took a job somewhere else. I think this change in agriculture has been coming on for 70 years.

I think my dad had the first biggest problem, because he had four boys who wanted to farm. I would bet anybody who's speaking on agriculture here today was probably born on a farm, because if you weren't I think the odds of getting into agriculture are pretty low—zero—unless you win a lottery or you're absolutely brilliant.

Our problem these days is still the ability to remain profitable year in and year out. Obviously we couldn't farm unless we were born into it. Our problem is the ability to be able to pay, as an employer, the next generation to farm.

My boys have all had post-secondary education. My oldest son got a job where he makes three times the amount of money that I could ever afford to pay him. I told him he'd be a fool to come home. He still wants to, but I said to him, "In the short term, look at the big world, see what's out there, and if you still want to, feel free to come home."

Mr. Adam Robson (As an Individual): It's not just the salary; it's the benefits and everything else that goes along with an off-farm job.

Mr. Jamie Robson: And Adam will tell you that the benefits we offer are unlimited hours and...you know.

Voices: Oh, oh!

Mr. Jamie Robson: Feel free: the longer you work, the harder you work, the more you can make.

In the last few years, I think what we're seeing is that if you're a farmer who's probably in his mid-forties and up, you went through the early 1980s at 20% interest rates, and it wasn't just agriculture, every business did. Some never recovered from it, as we're aware. I think the worst thing that could happen today would be a large fluctuation in interest rates. I just don't think agriculture—or, as far as that goes, the economy—could take it.

I think some of the best farm managers out there are the ones who existed through that time. If you could afford to pay 20% interest rates and you're still here today, you did something right.

I also think we're looking at a world market. I don't think we're the only country with these problems. I think it's a worldwide thing. I think we can solve some problems here for ourselves, but we have to be very careful what we do when it comes to world trade negotiations.

I also think there are a lot of problems even between federal and provincial governments. We would like to see more streamlining of programs. In the syrup industry we were federally inspected by the Canadian Food Inspection Agency. We are federally registered. The provincial government came out with a program, and the only way to get in on it was to drop your federal registration. We did, because we thought it was a good deal, but at the end we wrote a letter to both levels of government saying they need to work together.

Adam is going to speak on a few things.

Mr. Adam Robson: I was going to talk a lot about the education in agriculture. Joe already made a lot of good points there.

It's very important to keep that going, since there is only the University of Guelph pretty well in this area, and Trenton. I'd have to say that probably only 10% or 15% of the students I graduated with actually came home to farm. I've talked to a lot of them, and they're in big-time trouble, shuffling, going to do relief milking, and so on. None of them have purchased their own farm. And if they have told me they purchased their own farm, then...it's just not feasible at all.

I'd also have to say that one thing to look at, too, is definitely, when you're younger, everybody wants to do it on their own. One thing is to spread it out, and you have to get the word out. I mean, I bought a farm with my brother and my cousins and we all have off-farm jobs. My off-farm job is working for my dad on the farm, but I consider it an off-farm job. You've got to have it and you've got to do it.

In terms of protecting interest rates, I know that even with our Agricore bills, the profit margins fluctuate so much with the inputs and what we're getting for our crop, it's hard to come up with those timely payments. You can't plan each year. It jumps all around. I'm not saying every other business doesn't have those challenges and risks, but it is very tough.

• (1355)

Mr. Jamie Robson: For Adam's generation, crop insurance and some of the programs the government has—those are well run and well needed. Don't change a lot of what's there now. Maybe they could use some fine-tuning, but....

Our opinion is that if we're probably stupid enough to spend \$600 or \$700 an acre to plant a crop to make \$25 or \$30 an acre, I think we'd better insure it. I don't think the bank is going to really think you're too bright to start with.

I'm not sure the next generation will have the luck we've had. Inflation has really taken care of us, and some people have commented on that already. It isn't that we've made 20% return on our investment; inflation has helped us considerably. That really doesn't matter until you go to sell, but the last two or three generations of farmers have had it pretty good that way.

On what to do to fix agriculture, as I said, if we put ten farmers together, there are ten different opinions.

I talked to a guy this morning who is not in farming at all. I was getting a hydraulic hose fixed at a construction guy's place. He said, "You know, the problem is, you should call it a food subsidy, because that's really what it is—a worldwide food subsidy. It's not a grant; there are no grants to farmers." And I thought, well, hey, here's a guy who has not a cent invested: good point.

Anything else, Adam?

Mr. Adam Robson: No; that's pretty good.

The Chair: Just on that point, we had somebody last week, in either Saskatchewan or Manitoba—I can't remember, it's a blur—who basically told us the same thing, that it was not a subsidy to farmers, it was a subsidy to consumers. That's the way he put it, and I think the same thing.

You're our second father-son group. We had one in Saskatchewan last week. I think that's good—although it would be nice to have had more.

We appreciate your comments, especially with regard to the interest. That hit home with me. I was just starting farming in the eighties with the 20% interest, and if I hadn't been farming with my father, I probably wouldn't have made it. It was very tough.

Mr. Jamie Robson: In the eighties we called it "COD"—call on Dad—if you got in trouble.

Voices: Oh, oh!

Mr. Jamie Robson: That doesn't work anymore.

The Chair: Thank you, fellows.

We'll now move to Hugh Aerts.

Mr. Hugh Aerts (As an Individual): I'd like to thank Bev for inviting me. I think he invited me because he knows that what I'm going to say is going to be completely off the wall.

My parents came to Canada in the early fifties. They were part of the Dutch wave of immigrants who came looking for the opportunity for a better life. They arrived with the clothes they wore, and over time they learned to speak, read, and write English.

I have a sister who was born in 1957. When she was 18, she was gone. Country girls either stay or they leave, and she left.

I was born in 1960. I have a grade 13 education, no wife and no children.

I have a brother who was born in 1963 and has a grade 12 education. He is married, with four boys, ages 9 to 15. I think two of them want to farm.

My youngest brother was born in 1968. He did four years at Guelph, and he was a 1991 grad. He's married, with a girl and two boys, ages 10 to 15.

When we were growing up, it was understood that our parents would help us out if we wanted to continue our education. If we showed an interest in farming, they said they'd help get us started.

My brothers and I have a partnership that we formed in 1992. Today we farm approximately 2,600 acres, and we do another 500 acres of custom work. We grow corn, identity preserved soybeans, soft white and soft red wheat, white beans, and kidney beans. We have a dryer set up to handle our own crops, and we also grass and finish off about 100 head of cattle. But we had a barn fire last fall, so something is going to change.

I've seen a lot of programs come and go, and, you know, with a little bit of tweaking, we still should have had GRIP and NISA. But for some reason they didn't decide to fix them, they just decided to get rid of them.

My number one beef is that targeted programs do not work. They create more inequities than they solve; it's whoever has the best accountant, or has done something a little different. They disrupt the playing field and they reward bad business decisions.

Several years ago we had a bad drought. We have crop insurance—that's why we've always carried crop insurance, to cover for that—and the federal government, in their infinite wisdom, came out with a disaster relief program. Basically, it helped out the guys who never carried crop insurance.

You know, I don't blame those guys for getting the money, but it made the rest of us look like chumps for always covering our back end that way.

If you're going to have support prices, I think you go by a 10-year average price and don't factor in cost of production. If the average price for soybeans the last year has been \$8 per bushel, you'd better figure out how to grow them for \$8 per bushel. Because the more money you give us.... You know what the price of land is doing. People just increase their operating expenses.

We need reasonable caps. They have to be tied to social security numbers so that people cannot hide behind multiple corporations, and they also must prove that they are actual farmers. Set the cap somewhere between \$50,000 and \$100,000. Anything more than \$100,000, it just creates more problems than it solves.

Do a bit of research on some of the farmers who you quote and interview for your policies. I'm sick and tired of hearing people on the news or in the paper complain about tough times, when you know they just spent \$1.5 million on a farm the month before. Credibility is definitely an issue.

I was once at a meeting and the person beside me said the problem with agriculture was the panel of farmers who were out front pushing for a new program because it was going to benefit them. If you want to introduce a new program, show an honest group of farmers and accountants and ask them how they're going to budget to make it work for them. Need I say more about the tobacco quota buyout? Somebody wasn't doing their homework on that one.

By becoming farmers, my brothers and I cost our parents a lot of money. And if some of their children wish to farm, they're going to cost my brothers and I a lot more money. That's just the way it is.

I'm beginning to think that the best chance for any young farmer is what New Zealand did in the eighties: just get rid of all the programs. Government programs, if they're not regulated right, help the larger ones get larger. The smaller ones can't get in because they just get squeezed out.

On a final note, all the farmers this year entered the spring with.... I knew what the programs were, and we budgeted accordingly. If we have something go wrong, don't give us money this year, because all that's going to do is reward the people who didn't do enough of their homework to start with.

Thank you.

• (1400)

The Chair: Thank you, Hugh; a very different perspective.

We'll now move to Steve Twynstra.

Mr. Steve Twynstra (As an Individual): Good morning, folks.

My name is Steve Twynstra. I farm in Middlesex County, around the city of London. As a result, a lot of the issues that were addressed

here hit me directly. We have seen tremendous appreciation in our land values, and I'd like to think that's probably one of the main things that has kept us going for the better half of the last decade.

The problems that I see in agriculture—I'm going to cover a lot of ground here—are, first, there's way too much sharing of jurisdictions. There needs to be one person in charge or one organization in charge of the agricultural portfolio. Having ten provinces with veto power over the federal government, and a mishmash back and forth, is a recipe for inaction. I think that's been the biggest travesty that agriculture in Canada has faced in the last decade, the inaction on major issues that needed to be taken care of because decisions could not be reached. It's just been stonewalling from one jurisdiction to another.

As a result, things like the APF, that put that in the forefront, set us back ten years. The debt level of Canadian farmers is nothing short of astounding compared to our major competing jurisdictions, or areas that we compete against.

Growing Forward, despite the change that was promised, has just maintained the status quo, if anything. It has not moved ahead. It has just maintained the status quo, and I don't think that's an option going forward.

Just last week your counterparts in the U.S. held their hearings in Iowa on their 2012 Farm Bill. These guys are moving ahead. They have a focus. They have a mission and they have a vision statement in agriculture for the U.S.

In Canada, as was reiterated earlier, we do not have that vision. It's a mishmash of jurisdictions competing for special interests, and I think that's what Hugh was alluding to earlier.

I think part of the problem, and this was addressed by Brian, are the dysfunctional markets that we deal with, both on the input side and on the output side. There's too much concentration in our retail sector, in our packers, and in our fertilizer distribution systems. It's created a situation in which, as Brian mentioned, we're price-takers, not price-makers. That is something that has been a problem for Canadian agriculture since day one, but our Competition Bureau was absolutely spineless to allow some of these concentrations to occur.

I do appreciate and realize that we work in a globalized economy; however, I deal locally for a lot of my inputs and I think that's a problem. As a result, we're taking imports. The CFIA does not do nearly enough testing on MRLs, and we just seem to take anything the world will dump at us. Some of the problems we experienced at the turn of the century with depressed prices in agriculture in Ontario occurred because of the dumping of StarLink corn out of the U.S. The Europeans and the Asians didn't want it, and the rest of the world didn't want it, but we sure took it in Ontario. That severely depressed our prices. Then, combining an APF program with a set of farm policy programs, or BRM programs, that did not work for diversified farms was a recipe for disaster and increased our debt load, which we're still struggling to get out of.

As a result, I think there are some other misguided intentions out there currently that need to be addressed. We are an export-dependent nation, so even though we are taking in all these imports with dubious food safety standards, I would suggest that we're really hindering our export-oriented agricultural sector when we start taking non-science-based information and making it a policy to determine things like genetically enhanced crops. I think it is a travesty for Ontario and for Canadian producers in general to suddenly have to consider export markets in deciding when to register a new technology here. We need to have immediate access to the latest technology available any place in the world. It would be better if the technology were home-grown; however, it will not happen if we start taking non-science-based approaches to our export markets.

As a result, I'd like to see much more investment in our domestic universities and agricultural institutions to create the infrastructure that's required for us to compete internationally and to be, first and foremost, exporters. Things like the University of Guelph are severely underutilized, for a number of reasons, and we can go into that later.

A lot of talk is about innovation. As producers we have to be innovative to survive; this is what governments at all levels have been telling us. It would be great if our governments were actually innovative themselves.

I consider myself an innovative producer. We've grown a number of crops that are not domestic to the area on the dry bean side, on the winter wheat side, and on the spring wheat side. We've been trying to put that through a bureaucratic crop insurance system and trying to say that we'd like to have a little bit of consideration for being innovators, rather than just taking it on the hoof ourselves. Sometimes we win, sometimes we lose; that's part of being innovative, but we shouldn't have to take on 110% of the risks ourselves.

In terms of beginning farmers, I think a lot of things that can be done there do not have to deal with direct out-of-pocket expenses, such as significant tax breaks. Again, I've got a number of examples if we have more time. Part of the problem is we already have too much debt, so at the end of the day just adding more debt onto a beginning farmer does not create a farmer who's going to be a positive benefit to the industry. I'd like to see extended terms there, and education.

I'll come back to our BRM programs. Every single jurisdiction that I know of that we compete against or that competes against us, whether it's the U.S., China, or Brazil, has minimum prices for their products listed. We have a program that says if you're diversified, you're screwed, basically.

You asked what happened to MRI, the market revenue insurance program we had. It was a revenue insurance program. The U.S. has ACRE; China subsidizes its producers, as does Brazil, and we're out here expecting to compete against that with two hands tied behind our backs.

The other big issue we have with our current BRM program is that if you're incorporated and treat your business as a business—as you should—you're treated differently. I have a non-calendar year end and I'm incorporated. As a result, I finally got my 2010 AgriStability fee just two weeks ago. Everyone else, with a December year end, got theirs months before. They're well ahead of the game.

It's an unlikely event that there might have been money. I've never got any money out of AgriStability, but with AgriInvest I've been waiting two years to get my 2008 application. I just got it last week.

• (1405)

Like, what's going on here? I'm told that's because I'm a non-calendar incorporated business. Those with calendar year-ends, the normal farmers with normal year-ends, are being treated much differently from me. So I really take exception to saying that we have a program now that treats everybody the same way.

A lot of issues need to be discussed, but my time is up. I look forward to visiting with you later.

Thank you.

• (1410)

The Chair: Thanks very much, Steve.

We'll now move to Greg Devries.

Mr. Greg Devries (Owner, Cedarline Greenhouses): Hi. I'm Greg Devries. Thanks for the opportunity.

Steve, I think you're normal—

Voices: Oh, oh!

Mr. Greg Devries: —so you're allowed to be here.

Mr. Steve Twynstra: I just talk a lot.

Mr. Greg Devries: You just talk a lot.

My background is probably similar. Being the last guy to talk in a panel means you're going to sound repetitive and say a lot of things that have already been mentioned. We have a good group of people here giving good background on different aspects.

I come from a family that originated in Holland. My family came here in 1948. It's similar to a lot of the folks that farm up and down the side roads. Grandpa bought his first farm in 1952. They had ten kids. Three of them were boys. They all farmed and all established their own operations. We had 50-some cousins out of those ten uncles and aunts, and out of those 50-some cousins, there are two of us left farming full time.

It's not unusual. Agriculture is probably the most innovative and most efficient industry there is out there, and it's basically going to take less people to produce more food as time goes on. I think that's just the reality of the situation.

Just because you grow up on a farm doesn't give you the entitlement to say that you are able to farm. Some folks think that if you grow up on a farm, it gives you the right to farm. That's changing. Farming is changing. It's becoming more and more business-oriented. The skill sets are changing.

I received my post-secondary education in the late eighties and early nineties. I went to the Ridgetown college for a couple of years. I was in the degree program at the University of Guelph for a bit. The skill sets they taught us there gave us a good base to work off of, but when I look at what I do today, a lot of education still has to occur there in order to keep yourself up to pace. The technology changes. When I see what we're doing today with technology and electronics, whether it's guidance systems or the business aspect, there wasn't a whole lot of that in our education programs 20 years ago. Those education programs have to continue to be revamped.

Another thing that's evident out in the countryside is that the average age of a farmer is in the neighbourhood of 58 or 59. There are statistics out there.

There are also statistics out there on the average net worth of a farmer. I know that a number of years ago, the net worth of an operator was under \$1 million. I'm sure it's much more today, with the value of land.

If we look at what's going to happen in the next 10 or 15 years, a lot of those folks are going to retire. They're going to cash in the assets they worked for throughout their lives. Through inflation, they're fortunate enough to be worth a lot more than they ever anticipated.

If those folks don't have any kids who are going to stay on the farm, that net worth is going to leave this countryside. Whether through inheritance or willed through other means, it's going to leave the countryside—the little towns of Ilderton, Dresden, and Thamesville—and most likely end up in urban centres, where perhaps their kids ended up in.

One opportunity that the government needs to start looking at is how to use that net worth. If people retire and end up with a chunk of change, they need an opportunity to help reinvest it in our rural communities. I think there's an opportunity there.

There are a lot of young folks here who, if given the opportunity to borrow money in perhaps more ideal circumstances, might be able to carry on their tradition if they have the skill set and passion to carry it out. If you don't have passion in this industry, you're not going to make it.

So I think there should be an opportunity, such as through a financial institution. Obviously, the FCC has government ties where you could park money. Perhaps there's some type of GIC format where the government could offer a guarantee and some type of preferential interest rate. They could give that opportunity to beginning farmers to access the money or for value-added opportunities. I think there are a lot of value-added processing opportunities that we haven't even hit on in this country.

It's very difficult to get any type of financing because of the risk involved. This would be an opportunity. If the older generation are looking to retire and sell the farm but would still like to be part of the industry, it would be a great opportunity to take advantage of that.

We have the safest, most wholesome food system of anywhere in the world. We keep on telling ourselves that. Being involved in farm politics—not so much right now—we sit in rooms like this, we look at each other, and we keep on telling each other how we have the most wholesome, safest food system of anywhere in the world.

But we don't go around telling anybody else that—perhaps the other 98% of the population that actually buys our food.

You know, if the government has the regulatory system in place and is proud...and we should be. We like to complain and bitch a lot about all the rules and regulations we have to jump through all the time, but it does give us the backing of that maple leaf. If you want to go around the world and talk to people who see a little maple leaf stamped on that food product that came from here, you'll hear a lot of faith in the quality of that product.

We need to tell our public. We need to talk about what agriculture does as an industry to this country, as well, and we need to make people understand.

Take this scenario where I have 50-plus cousins who chose different career paths other than agriculture. I counted it out one time, and there are another 100-and-some second cousins out there. Those kids aren't that far removed from the farm. All those cousins used to come to Grandma and Grandpa's every summer and hang around the farm. They understand agriculture, to a certain degree, probably at a higher level than most of the people walking up and down the streets. Yet those kids are that much further removed, and I think if the general public had an understanding...

At the end of the day, when governments make decisions, a lot of the decisions are based on what public opinion is allowing them to do. That's just the reality of how our political system works. I think we need to have a higher level of understanding in the public so that when government does make investment in agriculture, it's greeted with open arms and an understanding of what value that means to it all.

I mentioned education. Innovation—that's what it's all about. We need to spend more time on innovation.

More to what Steve mentioned as well, about jurisdiction, I think you should give all of the responsibility for income support-based programming to the provincial governments. I think the federal government should just do the overarching policy around regulation, around innovation, and the higher level.

The speed of how government works is so bloody slow that it's as frustrating as all get-out. I don't know how many umpteen times I've been to sessions like this where....

No offence, folks; glad that you're out here, and glad you came to Ilderton, but everyone goes around, gathers a whole lot of information, and you take it back to Ottawa. The pace of change happens way too slowly. Business happens way quicker than this.

I know that the intent is to help the process move along here, but we need to figure out a system. As Steve mentioned, we've spent many years lobbying both levels of government, and all it involves is finger-pointing back and forth. If some of these areas on agriculture policy were given to specific jurisdictions, then the decision that needed to be made, and the change that had to happen, could happen much quicker. I think that's necessary.

The last thing is baseline programming. Whatever you think the income support levels need to be, let's work on it. Taking farm organizations' time and governments' time to sit in rooms and lobby and lobby on income supports.... I know that the whole last group, and Marie-Anne and the coalition there, it just takes a whack of resources, people's time and energy, to achieve a certain level of something like this....

Yes, I'm almost done, Larry.

It takes everybody's time, it takes everybody's energy away, when we should be sitting around talking about a vision of agriculture, innovation, and the direction that we need to go. Something needs to be done. Is it here? Is it there? I'm not quite sure. Let's make a decision and go with it. After that, let's talk about all the stuff we should be spending time talking about.

Thanks.

•(1415)

The Chair: Thanks, Greg.

We're going to now move into questioning.

We'll turn it over to Mark Eyking for five minutes.

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

Thank you, guests, for coming here today.

I was driving around this morning, and you guys have beautiful farmland here. It's very productive, and I envy you. I'm from Cape Breton. My parents were Dutch, and I have a Dutch family background, and sometimes I wish they went further west. But maybe we have a market there, and apparently you're not getting enough money for all the good land and work you're doing.

My question is mostly going to be towards programming. We've heard the last couple of weeks from many farmers, and young farmers, that the programs are not working. There's some talk that NISA was a good program and should have been continued, but right now they're not working.

I was in New Zealand. Ideally, it would be nice if there were no programs and we were all on a level playing field. But as was mentioned before, there's the U.S. food bill and all the other governments are subsidizing their farmers, so we have to help our

farmers to some extent. The other thing is that in the United States you don't see different programs in each state. Even in the European Union they seem to have a continental program.

My question—it's probably to Marie-Anne and Joe, and maybe to Greg—is on the programming. If there was a new federal-provincial agreement, and many you were steering that agreement, all cards on the table, I'm talking about if there were \$2 billion, \$3 billion spent last year....

You alluded to it, Greg, to maybe going more towards the provincial route. I'm not sure how that would work in the scheme of things. But we found that the beef producers in Alberta are getting a better shake than the beef producers in another province. Quebec is doing something.

I think we have to steer, as a country, somehow to some more uniformity and better programs. Let's put the cards on the table: if we started from scratch and ask for some ideas, what should we be doing to make it better for farmers?

AgriFlexibility is another thing that was brought up over the last two weeks. It's not working, especially for diversified farms. It's just not working the way it should. It only works for farmers with one crop or one piece of livestock.

At any rate, on that point, we only have five minutes each. If you don't have enough time, you could always bring it up on another question. But that's where I'm steering: what should we be doing in this country to make it better for the people in the farming area, new farmers?

•(1420)

Ms. Marie-Anne Hendriks: Basically, with the programs we have now, if you don't have an established reference margin, they can make one up for you.

I'm not sure the beginning farmers...because Ontario did that payout last year that turned out to be a disaster in itself. The beginning farmers said that if you can't do subsidies any better than that, then just don't have them.

I think you can get things accomplished that are for the good of the industry through such things as when you funded environmental projects, or the things that farmers want to do. Young farmers especially are willing to embrace new things, but they can't afford them because they've got other regular....

We're pretty sure the federal government is not that excited about doing anything with cost of production, which treats all commodities equally. And if you're not willing to go that way—not that you shouldn't—then you need to use a carrot to revitalize agriculture.

Hon. Mark Eyking: Joe.

Mr. Joe Dickenson: I again have to say that we need to make sure, when it does come to beginning farmers, that they have to be able to come up with a little bit of input into what their reference margins are. Somebody in my area, say, is dealing with different realities from somebody in eastern Ontario or Alberta. And this is where I think I can understand where Steve's coming from; when it comes to support and programming, we need to look at it more from a provincial standpoint. It's just the big overarching things that we need to look at on a national level.

I agree fully with Marie-Anne that one of the things we need to look at, when it comes to the environmental issue and that sort of thing, is that the farmer seems to be the one putting in the money, but it's the public who are gaining from it. That's wrong. So when we come up with environmental programs, etc., we have to make sure that the people who are doing the work are getting rewarded instead of the people who are benefiting from it.

The Chair: Thank you. Your time has expired.

Ms. Bosant, for five minutes.

• (1425)

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): Thank you very much.

I hope you have access to the simultaneous translation.

I do not agree with Steve Twynstra about a national model. In Quebec, we have developed some specific markets. Let me give you an example: organic farming, where the federal government wants to lower our standards to keep the rest of Canada happy. I am not here to defend the feds and ask Quebec to lower its expectations. We in Quebec have worked too hard to grow quality products. I do not believe that a national standard will help you.

I also have to tell you that one thing must be done above all. At the WTO, our position must always be that the right to food is non-negotiable. We must start by learning how to feed ourselves locally.

Two weeks ago, we met with bank representatives. I want to know what you think about what they told us. They told us that lending money to farmers was no problem for them. Personally, I did not believe them. They all told us that money is available, the Banque Nationale, the Bank of Montreal, the Toronto Dominion, whoever. At your lovely banks, do you see money available, yes or no?

[English]

Mr. Steve Twynstra: I think the money is there. The interesting thing that I find is that if you want a farm mortgage, whether it's with FCC, credit unions, or the banks, you get anything from 1.5 to 2.5 points higher interest than on a home mortgage. When you talk to your branch manager and ask him why that is—this is short-term money—it's because there's more risk in agriculture and less risk in residential mortgages. Then when you ask them the next question, which is how many farms they have foreclosed on in the last six years, and they say none, or very few, compared to the number of homes, there's a discrepancy there.

So I would agree that the money is available; it's at what cost that there's an issue.

I think there are two systems at work here, and that's because there's much more competition for retail mortgages than agricultural mortgages, which comes down to what I said earlier about the whole factor of concentration within different industries and sectors in agriculture. There's just not nearly the competition there needs to be—except at the grassroots farm level.

The Chair: Very good.

Jamie.

Mr. Greg Devries: I have two comments.

First, about your “eat local” comment, we're still an export-based industry. Our family produces 16 acres of greenhouse peppers. If it were all about eat local, that 16-acre greenhouse wouldn't be there: we have a market south of us that we're trying to supply. So I want to make sure that we also keep abreast of the scope of our industry as well.

I fired our bank this year on our line of credit and went to a credit union. Our bank came back to us and wanted more security for less line of credit at a higher interest rate.

I find that—locally, at least, in our area, and I would expect this through different parts of the province as well—the challenge of getting a line of credit is becoming more difficult. On long-term financing, it's easy; if you bought a farm five years ago for \$5,000 an acre and it's worth \$10,000 an acre now, you have another \$5,000 of equity. So why wouldn't they lend it to you?

It's a scary thing; my dad has said he's never bought a cheap farm yet. And he bought some land back in the fifties that I think was pretty cheap, but....

I'm not sure where the cost of land is going to crest, and I don't think anybody else here knows that either. It is a bit of an unnerving way to finance your business. Earlier on, someone mentioned the inflation of land prices and what it's done to our borrowing capacity.

The Chair: Thank you very much.

Jamie.

Mr. Jamie Robson: I think another problem that the banks have is having knowledgeable bankers. That's not to criticize them or anything, but often, with us, we'll start the year with one account manager, and by the end of the year we've switched to someone else.

What these guys are saying is true: we seem to pay a premium for mortgage money and we are asked for more security all the time.

It was the same for us this year, Greg. They wanted another half a percent or something, and we just said, “No. We're not that bad a risk. Do you want us or not?”

We had an exit plan in place before we did that, of course.

Voices: Oh, oh!

Mr. Jamie Robson: It wasn't as hard as we thought it would be, but they were willing to put the squeeze on it. Their complaints were that they had lost money and everything else in the stock market and they needed to make it back. My opinion was, well, you didn't lose money on me, so go after where you did lose it. But we seem to always pay a premium, I agree.

• (1430)

Mr. Greg Devries: I have one small comment. Jamie made a comment about finding good people in the banking industry. I was told that the bank we fired, which will remain nameless, had 52 different agriculture account managers in the last two years, and 29 of them had quit or left. This is all anecdotal, but you find a lot of good people in that institution, with great backgrounds, who were frustrated with the decision that was made at headquarters as to how they were to go out to their good customers.

The Chair: Could you just speculate a little bit on why you think they want...?

Mr. Greg Devries: I think Jamie hit it. I think the banking industry went through some tough times, and, frankly, the last couple of years have been relatively good in most sectors in agriculture, and they thought that was an area that they were going to recoup some money from.

It's frustrating in a lot of ways, because when you need a bank, they're not there, and when you don't need them, there are people knocking at your doors.

The Chair: Okay, we're out of time, but, Hugh, I'm going to let you comment on that one. It's important, I think.

Mr. Hugh Aerts: About three or four years ago we got cut off at the bank too. The biggest problem is that for anything over \$100,000, they have to go to Toronto. We went to a credit union. The bank lost a lot of good customers, and they all went to credit unions because they were dealing with the same person every year. The bankers have a little window, and if you don't fit, you're not allowed in. The local manager has no authority. He's a patsy, and I feel really sorry for him, because all the decisions come from head office in Toronto. That's why we went to a credit union.

The Chair: Okay. Thank you.

Mr. Allen for five minutes.

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

I like what I heard about the credit unions. As a member of a credit union for the past 40-some-odd years, I appreciate the compliment to the credit union factor.

I will get back to what I heard down at this corner, the talk about young farmers.

Marie-Anne, you talked about the fact that we're not necessarily seeing young farmers, unless of course they happen to be family members who are still hoping to progress in the farm field, and we're going to be relying on immigrant stock to come into the country. By and large, I'm not sure we're seeing as many, in the farm sector, at least, as we probably saw in the 1950s, when they came at that particular moment in time.

I am having a hard time seeing your names down there. Greg was talking about his family.

It seems to me when you talk about price-takers...Brian talked about it in this whole sector, about how we get folks into it. How do we convince the Canadian public? I live in a farm area. I know you like the terminology "value added". I came out of the auto sector and we've been talking about "value added" for 30-odd years. So the terminology I hear on the farm sector I've heard for a long time in other sectors, in the manufacturing sector.

The problem is, it's always the middle and the end of the value chain that actually makes the money, not the front end. You can see that in the manufacturing sector as well, by the way. The auto sector has five tiers. The top tier happens to be the person who puts the badge on the door going out and sells you the car. The one at the bottom end is the fifth tier, which is you, which is the primary producer, the smallest pieces that are going into it. In your case, you're the biggest piece of the producer, but you're ending up with the least amount of money.

How do we convince folks of your value? To be honest, you are the value in the value-added chain, not the other end, not the corn flakes coming out of the box, which you referenced, Brian. What do we do to engage the public, who talk about there being a way to give them food that's affordable, not cheap, and that indeed keeps you in the business that we need to keep you in? Otherwise we don't eat at the end, cheaply or otherwise.

Mr. Steve Twynstra: There has been a lot of debate going on in the last little bit about food labelling. The way I see it, if you'll pardon the language, it's ass backwards. Right now you look at a label that has the percentage of carbohydrates and fat and whatever the nutrient value or mineral value of it is. Why can't we do our labelling? Why does it have to say "Product of Canada?" Why can't it just say "98% Product of Canada". That way the sugar in it that's imported, since we don't have a domestic sugar industry any more, is being labelled appropriately, so the person can choose whether they want to buy the 12% Canadian product or the 98% Canadian product on the store shelf? The food labelling thing is a pretty simple thing to resolve, and way too much industry and resources are being spent on that.

Part of it, too, as was alluded to earlier, is just getting back to the lack of education, because so many people are so far removed from agriculture.

I would like to see more local content in food, obviously, but I think the federal government has a role to play in promoting local production—Canadian production, too—through its own purchasing behaviour, and so on.

•(1435)

Mr. Jamie Robson: I spoke a while ago to a group of teachers, and they were concerned about the quality of food and everything. They started kind of harassing farmers for using chemicals, or the whole list of environmental things. Finally I told the one lady that in this country you're more likely to die from eating too much than from chemicals and everything like that.

Agriculture and food is not on the front burner because there's tons of it. If we don't produce it, some other country does. This country has never had to starve to death. If you talk to people who were in Europe in World War II, they'll tell you about eating lamb or mutton for weeks on end, or years on end, because there was no food around. They have a lot different perspective than we see now.

Right now, if Canada decided not to produce any food at all, the rest of the world would make it up. It's just how things are. I don't know how you change people's attitudes toward spending more of their income on food. I'm sure if you brought that up to most consumers, they'd just absolutely freak.

The Chair: Yes.

Mr. Greg Devries: My wife comes home from grocery shopping and complains about how much money she spends on food. I keep reminding her that we have the cheapest food around—but that doesn't usually get me too many brownie points.

When you walk into a grocery store today and ask people what they think of the quality and the safeness of the food in that grocery store, they think it's at the same level and standards of anything we produce in this country.

I'll talk about peppers, because we produce peppers. The food safety protocol that we're producing peppers at right now in our greenhouse operation is second to none. In the last three years, the level has gone up almost like this on the protocol we must follow, because of the marketing company we deal with and the food chains that push it onto them.

By the same token, if you go into the grocery store during the off season, even now, you can see Mexican peppers there. I'm not going to say that all Mexican peppers are produced at the same level, but I do know that there are a lot of things they can do in Mexico that they can't do here in Canada. Now who's checking that out?

Someone mentioned MRLs—I think it was Steve—the maximum residue levels and whatnot. When a person goes to the pepper area and picks up a pepper, whether it says Mexican, Canadian, or Israeli, for example, he or she is just going to assume they're all of the same standard. I know the standard I'm producing at, and I can stand by that 100%. The Mexican guy isn't there to tell you what's going on there, and no one is asking what's taking place.

The Chair: Thank you.

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

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

I won't give you much preliminary to my question, because we have a short amount of time.

Greg just hit on a motion, actually, that I had before Parliament. Not everyone supported it, but it got passed. It's about those very issues. I'm hoping we can move ahead with it, through the ministers and through the ministry, CFIA, PMRA, and the veterinary drugs directorate.

This is also about the future of beginning farmers. I'm looking down the table, and everyone here actually has family coming in, or you are the family that's in, and there are some who have little ones who are likely to as well at some point in time. I'm wondering about succession planning. What do you do?

Secondly, do you see a future in agriculture? All of you here have parents, or you're the ones.... Is it positive? Is it only going to be positive because you're going to rely on government programs? Is that what makes agriculture the attractive thing that everyone has talked about in terms of this being what you want to be doing, and you all want it?

You talked about his sister being gone. I have three children who chose other careers.

So is there a future in agriculture? Is there a difference in supply management and non-supply management in the availability of credit? Brian, you have both. In a business that is both supply management and not, is there a difference in terms of being able to access that credit from one to the other, and what can we do if it isn't? And I don't know if we can.

Secondly, should government programs keep everybody in? Is there a benchmark? Some would say maybe we should be able to get a certain percentage of our income from programs. For beginning farmers, those who are there, what we have now in terms of some of the things...? There's \$750,000 and a capital gains exemption. We've tried to deal with taxes and keeping more money in people's pockets. Do they help? Or what should we be doing?

There are enough questions there. I'll leave it at that for now.

Brian, I'd like you to start, and then some of the others can jump in.

•(1440)

Mr. Brian Lewis: In terms of credit availability with supply management versus non-supply management, I retired from banking a few years ago. At that time it was easier to get loans through supply management because there's perceived stability there. We also have the risk of WTO. There's no question about it. You'd really have to talk to the banks about that, but I think it is easier.

There was a comment made earlier about appreciation on the land values and the ability to get loans. That's frightening, because that's equity-based lending, and the only way equity pays bills is when you sell. I hope the banks aren't getting away from cash-based lending over to equity, because in the long term that is not a good thing.

Bev, I don't know how to answer that. I think to a certain extent, yes, it is. How much? I don't know. You'd have to talk to the bankers. But really, it's an individual case. Supply or non-supply, it's what your financial situation is.

Mr. Bev Shipley: Then in terms of the future for farming and how you see it, what's your input—from you guys?

Mr. Joe Dickenson: I've put in two different applications for credit on buying two different farms in two different regions with two different business plans. And it was dealing with the same bank, so we don't need to use any names. The first one was actually an operating dairy farm in Saskatchewan. My business plan, based on actual numbers, was showing a \$25,000 return in the first year. Yes, it was going to be a fairly tight first 10 years. The lady I was dealing with at that bank denied me because she did not feel comfortable with the risk of loaning to supply management. However, she told me she would be perfectly fine with it if I wanted to move out there and start a beef and cash crop operation. I think it was more based on numbers than it was anything else. But when you actually looked at return on investment, I was seeing a better return on that farm.

You ask if I think there's a future in agriculture, Bev. I took on a \$550,000 debt in 2008. If I didn't think there was a future in agriculture I wouldn't have taken on that debt. The return on investment from that property and my rental property, not including off-farm income, was \$11,000, but I could get a loan for that. That was open market commodities; that's beef and organic cash crop.

I think when it comes to beginning farmers, sometimes it's actually easier to get in on the open market industry just because you're not looking at the raw numbers.

The Chair: Thanks, Joe.

I'll move to Mr. Valeriote for five minutes.

Mr. Francis Valeriote (Guelph, Lib.): [*Inaudible—Editor*]

A voice: Your microphone....

Mr. Francis Valeriote: ... Your opinions are pretty consistent with what we've been hearing across Canada in the last week, starting in British Columbia, mentioning problems with the AgriStability program, the viability test needing to be revamped, lack of access to capital, the cost of land, the lack of harmonization, and regulations between Canada and other countries, as Bev referred to both today and in his motion.

I'm curious about two things.

I too am convinced of what everybody thinks, that the consolidation of these large processors and grocers is keeping you from getting what you truly deserve, and that is more than just the recovery of the cost of your inputs and something reasonable for your labour.

The Competition Act doesn't allow the Government of Canada to break large companies up, as can be done in the United States. It only allows the government to stop a lack of competition when people have collaborated with one another to set a price.

I'm wondering how you feel about the government revamping the Competition Act so that it can step in. Do you think it is time to step

in and keep the processors from becoming, if they haven't already become, so large that they're controlling the price of things?

Can somebody answer that first? Then I'll ask my second question.

Steve.

• (1445)

Mr. Steve Twynstra: Totally. We're far behind the times in competition legislation, I think. I'd be fully in favour of that, but not just at the processor level. It goes right down to short-line manufacturers of equipment and that sort of thing.

We're very fortunate here in that we can price parts for our equipment. The border is only 40 minutes away, and it's nothing to get a replacement part for a piece of our farm equipment 20% to 25% cheaper there than here, especially with our dollar at par right now. Part of the reason those parts are cheaper is competition.

Mr. Francis Valeriote: Right.

Are there others?

Mr. Joe Dickenson: I agree with the premise. My only concern is how this would affect instances in, say for example, the supply management sector. There, the farmers have gone together to pool their milk; you effectively have one seller. That has to be taken into account as well.

Mr. Francis Valeriote: Well, it might be, unless they're considered an exemption. That's a good point.

I have another question. We talked about innovation. Most of you have gone to the University of Guelph or know somebody who has. I'm proud to come from that city.

As a lawyer, I used to have to upgrade all the time. Every year, I had to learn new techniques, new laws, new ways of practice, new technologies that I had to use in my practice in order to survive. Those who didn't die. I've heard from some of you about the need for innovation and the embracing of that innovation. I'm wondering how many of you take an active role each year in upgrading your skills, looking at diversifying, looking at new technologies.

What's it like out there? What are you doing? Are you doing that, or are you just relying on the same old same old? Perhaps we can go down the line.

Jamie?

Mr. Jamie Robson: I think what Greg said is true. If you went to university in the 1980s, what you learned then probably is of very little value to you now. I think for most of the guys here, if you're not innovative and going ahead, you're going behind. Agriculture doesn't sit still.

I look at the things my kids can do that I still can't figure out. I'm not a real computer genius by any means, but with what they've learned, they're so much farther ahead, and their thinking is far more progressive probably than mine is at this point. I think you get to a point that you're just not as sharp as you used to be. Sometimes having some young guys around keeps you sharp.

I think the majority of these guys at the table here are the innovative ones.

Ms. Marie-Anne Hendriks: You only have to go to the farm show here in London to see the interest farmers have. If they're passionate about it, they want to try out the new equipment and anything that makes them more innovative.

In Middlesex we have a county association for pork producers, and pretty well all the members are now under 35. To sit around and listen to their discussions is really quite intriguing; they're into it. And they have to be; the older guys in the hog industry are saying right now that if you survive, that's pretty innovative.

I think you wouldn't be here if you weren't interested in getting better all the time.

The Chair: Do you have a quick comment, Brian?

Mr. Brian Lewis: On the livestock side, a lot of our innovation doesn't come from a formal education at Ridgetown or Guelph or Trenton or wherever. A lot of it comes on the livestock side from veterinarians, who will say "This is what we see" and "This is how you get better production"—those sorts of things. It's not a formal designation.

On the cash crop side, there are farm shows. And a lot is from your neighbours; a lot of it is word of mouth from other people. It really is. I'm not sure that answers your question, but that's the landscape of it, in my opinion.

• (1450)

The Chair: Thanks, Brian.

We'll go to Mr. Ben Lobb for five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thanks, Mr. Chair.

I'm from not too far from here. I was born and raised in Clinton, in Huron County.

The price of land, as has been touched on a couple of times here, has appreciated significantly in the last ten years and really in the ten years before that. Now there's a pretty serious barrier to entry for a young farmer. My question concerns, I guess, a two-pronged issue: getting in and then being able to actually afford to stay in it.

Seeing that the topic today is young farmers and the future of farming, what advice can you give the committee today on ways to make it easier for young farmers to get in? Obviously it's a pretty unique case, if a young farmer has \$200,000 or \$300,000 to put down on a farm.

Second, what are some more interesting ways to be able to take profit from the market?

The Chair: Let's hear Joe first and then...Adam, did you have something?

Anyway, go ahead, Joe.

Mr. Joe Dickenson: One thing I'd like to see, and I'm not sure exactly how we would do it, is that when somebody is retiring from agriculture and is willing to sell to a beginning farmer, we need to exempt them from capital gains. What that would do is allow them to sell for the same price, to take home the same amount of money at

the end of the day, but the price coming out of the beginning farmer is much less. That would be one way to do it.

Another thing we need to do is somehow link up those who want to get out with those who want to get in, so that potentially they can get into a rent-to-own start-up or some sort of partnership, allowing them to get cashflow before they have to get the money to pay the whole thing down.

Mr. Ben Lobb: Hugh, you may want to jump in, and then the Robsons.

Mr. Hugh Aerts: I touched on this earlier. I think if we have programs, they have to be cash.... Let's say you're in the cash crop industry and it's a bad year, and say your subsidy money works out to \$100 an acre; if you have 100 acres, that's \$10,000. Well, there are some guys running 5,000 or 10,000 acres. All of a sudden they're getting \$1 million from the government, and the young guy can't compete with that, because they'll tune their margins a bit more and say, next year we can get another couple of thousand because we know we're good. The young guy just can't get in, because they just outbid him. They outbid him for rent; they outbid him for the cost of land. I'm not too sure, but I think that's the limiting factor.

Personally, I have no family. When it's my turn to sell, if I have nephews who are interested in farming, they're going to get a deal. If they're not interested in farming and if there's a young kid in the neighbourhood, that kid is going to get a deal. I'm not going to necessarily sell to the highest bidder, because if I don't need the money and I don't like the guy, I'm not going to sell to him. But a lot of people are just going to go for the bucks. I don't blame them for that, either, but as I said, the young guy needs help—that's the only way it's going to work—and big help.

Mr. Ben Lobb: I'm always looking for uncles.

The Chair: You're my kind of guy, a guy I would like sitting beside me when I'm dealing with my banker.

Adam, did you...?

Mr. Adam Robson: A lot of it, too, especially for a young guy, is that our profits are so...they jump up and down. Maybe some type of floor price for grain, and not just for grains but for all commodities, is something that would allow you to know that things are not going to dip too far below or that you might be sucked into something you can't handle.

Mr. Jamie Robson: I just don't think the young guys have.... It was probably the same for our generation too: a lot of debt can cripple you very quickly, especially when you're working in a low profit margin industry. The problem sometimes with government programs is that farmers farm the program; they don't farm the land. They look at what's going to make them the most money, and that doesn't always work.

I think we need a low-level subsidy program of some kind, not to make people rich—as Hugh is saying too, there needs to be a cap on it—but to keep them in business in years when things are no good.

I can't believe that in two years we've gone from such a world shortage of grain to such a surplus. I must have missed something some night. I don't know about you guys, but the markets change so quickly that it's hard to keep up with the change.

• (1455)

The Chair: Be brief, Steve.

Mr. Steve Twynstra: I think there are a couple of tools that can be used. One issue we face here is that we have a lot of farm organizations—commodity groups, livestock organizations, crop improvement associations—and it's hard, especially in a rural environment like Ontario, and it's even worse I think in the west, to get good people to sit on those committees and boards.

I would like to see a situation in our tax code whereby if you volunteer—these basically are volunteer positions—to sit on these commodity organizations, especially for younger people, because we need some new blood in there, you could write off \$400 or \$500 a year on your tax return. We do it for getting kids involved in scouting and camps and hockey and soccer and all that sort of stuff. There should be something for beginning farmers who want to sit on organizations. Maybe we could establish one to get more people involved in these things also.

The other thing I would like to see happening is a sort of mentoring program for beginning farmers under which they could sign up with an existing farmer and learn the tools a little more, especially from a business side. The agronomics or the veterinary side is the easy part. But there should be a win-win for both parties.

I'd be more than happy. I've taken in a number of exchange students over the years. I just have a hard time understanding why all these exchange students always have to come from overseas to learn from us. Where are the local people? It's because there is no financial incentive to mentor with what I would consider to be a leading farmer, to learn some of the tricks of the trade and that sort of thing.

If I were to take somebody in locally to mentor them, there should be a break in the tax code for that, and also for that person to go to FCC or the bank or whatever and say, "I have my ag degree or diploma and I have this mentoring system under my belt"—it's no different from the ag leadership program or some of these sorts of things—and get a cut of half a point on the interest rate. You're doing cuts on energy loans and that sort of thing through FCC; why not for beginning farmers, with extended terms?

The Chair: Thanks.

One thing, Jamie, that you touched on a couple of times in your opening remarks, and you just did again, and Hugh really hit on it, is about the negative effects of programs. I've heard producers in my own riding say to me, "Larry, sometimes with programs, all you do is keep somebody in who normally wouldn't stay in, which creates competition."

Could both of you just briefly...? I guess I want to be clear, and the committee needs to be clear, on where you're going with this. Hugh, could you clarify this? What you're saying is that we need basically an insurance type of program and we should forget the other programs. Am I clear in my assumptions? Is that what the two of you are saying?

Mr. Jamie Robson: My thought is that if we have crop insurance and a low-level subsidy to keep you in when commodity prices are low, we really don't need anything else.

Mr. Hugh Aerts: With a premium.

Mr. Jamie Robson: Yes. I realize that probably government reacts with quick, short-term programs. I'm talking about a long-term stabilization type of program. I don't want to get rich out of it. I'm not interested in farming the government. I wish the market would take care of itself year after year, but when it doesn't, I think especially we need a low floor price for every commodity; I don't care whether it's corn or peppers or cattle or hogs. It's just something in place for the long term. That way, these young farmers can at least look at it and maybe come up with a longer-term vision of where they're going.

Mr. Hugh Aerts: I agree with Jamie. It's to keep you in so that you don't lose your shirt, but it's not something whereby I'd be able to go out and buy a Cadillac with the program. That's part of the problem with the programs now. Some people.... If you farm enough, that's a big income coming in. As I said, maybe these programs.... I keep harping on it, but I think there has to be a cap—one you can't sneak around from five different directions, either.

As I said before, if you come out with a program and have a bunch of honest farmers' accountants and talk to them, they'll tell you how they're going to sneak around it. You have to know that before you release it, because sometimes I don't think the government realizes that we're pretty smart. As I said, we're innovative. You show me something and I'll try to figure out how to get at it. That's human nature.

The Chair: I'm personally a supporter of caps, but most farmers with half the size of acreage you're farming, Hugh, will tell you that they don't agree with caps. They think it should be bigger. I'm just putting that out—being on the other side.

Mr. Lemieux, you have five minutes.

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

I don't want to spend too much more time on programming. I do hear the comment about a level playing field, but also about wanting regional flexibility, because not one program meets all the different needs of all different commodities. I often see that federal programming is put there to level the playing field—it applies to all farmers across Canada—and then the provinces have that flexibility. That's where it doesn't make for a level playing field, when the provinces launch their own programs. But it does give regional flexibility.

My riding is right beside Quebec. If you throw a stone from my riding, you hit Quebec. My farmers know quite a bit about Quebec programming and what they perceive to be a lack of Ontario programming. They see the difference between the two. But there is something to be said for that regional flexibility, where every province responds according to what it thinks its agricultural needs are.

We were talking here about equity and cashflow. Farm equity seems to be increasing, but you can have an equity rich scenario but very low cashflow. So I want to ask for your ideas on how that could be better balanced. When we were out in British Columbia, for example, we visited an apple orchard with 35 to 36 acres. An acre of land sells for \$100,000. He could easily lop off one or two acres and that money would get him through the next couple of years, if they were going to be difficult years, but of course there is a farm policy in place that means he can't just sell off agricultural land and have a condo built on it. So he feels very constrained. It's all 36 acres or nothing. Now, he could go to the bank and borrow against his land, but then it increases his debt load.

I want to ask you for some of your ideas on what can be done to better manage the inequity of high equity, low cashflow, particularly in difficult years. Maybe I'll start with Jamie.

Mr. Jamie Robson: Thank goodness for high equity. I'll say that.

Mr. Pierre Lemieux: Right.

Mr. Jamie Robson: What we're seeing is true. I really think high equity has carried a lot of us to this point. I thought when land got to \$2,000 an acre it couldn't go any higher. I thought when it got to \$6,000 an acre they were absolute fools. When it gets to \$10,000 an acre you're thinking you should jump in because you can't lose.

Farmers are probably their own worst enemy. I was thinking about this the other day. In the early 1970s we blamed all the urban people for moving out of London into Middlesex County and buying these farms because they all wanted to get back to their roots, get out of the city. It's not those people who are bidding up farms; it's farmers who are bidding up farms. The ones who can do it, who have equity, can afford to go out and buy another farm for \$1 million. Is it right? No. Should the bank be looking at that as a reason they should be lending you money? Probably not, but do they? Absolutely, because if you have nothing in equity, they're not likely to lend you anything on a cashflow basis.

I think we can do a cashflow every year, and probably everybody can do the same thing here, with all our projections and all that, and I bet you by year end we end up where we were supposed to, but it wasn't how we were supposed to get there. Maybe we had a fantastic crop of wheat or markets changed so quickly. In terms of doing a cashflow for a bank every year, it's an exercise we all have to do. We

end up making money, but when you look back at the end of the year, maybe you were right; probably not.

It's tough. And don't ever blame a bank for not wanting to lend money if it doesn't look profitable. I don't care whether that's agriculture or General Motors or Chrysler—whoever it is. Don't lend it. I don't think the banks are to blame for a whole lot right now. Twenty years ago I wouldn't have said that.

The Chair: There's still a little bit of time left, Pierre—45 seconds.

Mr. Pierre Lemieux: Does anyone else want to make a comment on that?

Mr. Hugh Aerts: I don't really pay much attention to cashflow. At the end of the year I do an accrual statement, and that means something to me. Like Jamie said about cashflow, it can change a lot, but an accrual statement at the end of the year...then I know what I did.

Mr. Pierre Lemieux: Do you find when you do accrual at the end of the year that you are generally optimistic or pessimistic?

Mr. Hugh Aerts: Life has been good for quite a few years. If you do your year-end and you do a proper one, it's been good.

Mr. Pierre Lemieux: Right, so cashflow will be up, cashflow will be down, but overall you have a more optimistic outlook when you look at...

● (1500)

Mr. Hugh Aerts: Well, when I started here I had three levels: if everything goes right, if everything goes wrong, and somewhere in the middle.

● (1505)

Mr. Pierre Lemieux: Right.

Steve, you had one last comment.

Mr. Steve Twynstra: You asked about cashflow. I think our business is all about risk mitigation. I look at myself as a risk manager. You've got production risk, and we can deal with that through crop insurance. I think some significant changes could be made to enhance that, because essentially it hasn't changed in 60 years.

The only area where we can do forward pricing is on contracting. There are a lot of things we can do there, but the challenge we have is, how far do you want to forward-contract? Three years ago, we should have contracted three years' worth of crops. Who knows where we'll end up? In this local area, in the last eight years, we've seen 30-bushel soybeans and we've seen 60-bushel soybeans, so how far do you want to leverage yourself? That extra 30 bushels makes all the difference on what kind of year you're going to have this year, and probably the next year, if you work forward.

That's why I would like to see a market revenue sort of insurance scheme again. I know you didn't want to talk about programming, but the current programs we have now, not just on BRM, are a lottery. Look at traceability. All the applications had to be in on March 1 by 9 o'clock, and by 3 o'clock the money was spent. That's a lottery. Look at the Canada-Ontario farm stewardship program. To me, that was a lottery. The applications went in—and I didn't get anything last year because I was three weeks late. The money was spent within three weeks. There's something wrong with a program when it gets taken up that quickly. It ends up that you've got neighbours who are still competing for the same piece of dirt, trying to do the same thing, but one person, through the lottery, ended up with \$30,000 and the other person ended up with nothing. To me, that's a problem in the programming. It's not fully funded.

I think there's fully funded programming when they're environmentally sound, or for traceability, or this sort of thing; that should be the case. But I would go one step further. Having been an IP and a seed producer for 15 years, I'm not sure the government should be in the traceability business. The marketplace should do that. It did it in soybeans. When it comes to livestock and animal production, I'm not sure the marketplace shouldn't be putting those traceability programs in place, if they need it, because it would be suited for their needs, not for the government regulatory needs or someone at CFIA. I think the CFIA could be doing a much better job with what it has available. If it was out of the Fertilizer Act business of trying to register inoculants and soil amendments and that sort of thing, it could concentrate on just imports and setting standards that are globally competitive for us.

The Chair: Thank you.

We've had one full round, and we have some time left, so we're going to try to get everybody in again for a question.

There is one question that I'm going to take the liberty of asking from the chair.

Steve, you touched on it when you made a comment in your opening remarks about there being too many jurisdictions, ten provinces and the feds. One obstacle I know that farmers in Ontario have seen is the business risk management that's proposed. The only way this can ever happen from a federal standpoint is to have seven provinces. So recognize that.

Also, Greg, you mentioned it. Basically, what you're suggesting is getting rid of the federal ag department altogether and letting the provinces run it. That's what you said. Really, what I'd like to know is, from the two of you, how do we actually do that? These are historical federal-provincial agreements. It doesn't mean they can't be changed, but I think the provinces never want to give up control of anything, and maybe the feds can be guilty of that same thing. I just

want to have an idea of how you'd actually do what the two of you suggested.

Greg.

Mr. Greg Devries: I didn't want to get rid of the fed ag department; I just wanted it to focus on something different, and let the provincial ag department focus on something else. We've got so many different things. The frustration with the fed-prov agreements, and ten provinces.... How many times have the faces changed around the table every time you have a fed-prov agriculture ministers meeting? There's an election happening somewhere in a province and the focus becomes different. Then when you're trying to push forward, you need 50% of the ag GDP and 50% of the numbers that are equal to seven provinces to make any kind of substantial change. It's difficult, because the focus becomes much different depending on the....

I just think it becomes a waste of everybody's time sitting around talking about movements not going forward on business risk management, for example. We were talking about business risk management way before I got into farm politics, and it seems we'll be talking about it way after any of us are still involved in farm organizations.

The Chair: I realize the issue and the problem, Greg, but how do we get there?

We know, with what you're talking about, it has to be seven provinces. That's the way it has to be. Whether that's right or wrong, that's the way it is.

• (1510)

Mr. Greg Devries: I'm not sure what the breakdown is in the budget; I'm just talking blue skies here. But if the federal government got out of the direct support programming and told the provinces it would take this aspect away that they were currently paying for and make it a federal responsibility, if it said, "Now that you're relieved of that portion of cost that we're going to take on, that will give you more flexibility in Ontario to deal with your livestock industry, the grain and oilseeds industry, and the horticulture industry as you see fit"—to me, that makes the most sense.

As a perfect example, I was part of the Grain Growers of Canada when it first got established. It's a great group of people, and I still respect them highly. But somebody who's in the grain business in Saskatchewan has a different point of view and grows very different crops than we grow in Ontario when we're competing with the United States of America. So the business risk management aspect of it all is going to be different.

How can we expect someone from Alberta or Saskatchewan to agree on the same kind of programming that is going to meet the needs of Ontario grain and oilseeds producers? It just ain't gonna happen, right? Yet we're hamstrung because of the framework that the federal BRM programming has put forward.

The Chair: Thanks.

Briefly, Steve.

Mr. Steve Twynstra: I think things like PMRA should take total responsibility for all pesticide registration and get it out of the provincial jurisdiction. Similarly, when it comes to business risk management programs, it should be totally a provincial jurisdiction. That's not to say that the federal government can't contribute a certain historical share of the funding to that, but how it gets spent should be left locally up to each jurisdiction, and they can concentrate strictly on the import testing and that sort of thing on a national level.

The Chair: We're going to move to three-minute rounds. That will give you a question and you'll be able to get an answer.

Mr. Eyking.

Hon. Mark Eyking: Thank you, Chair.

I'd like to continue on where Steve and Greg are going here. I know it sounds different from the status quo, but because one way or another we have to help farmers across this country, what if the federal government were to adopt an approach similar to that involved in the health transfer of funds?

Right now, the federal government gives so much to Ontario and Nova Scotia, right across, and they administer provincial health care. The federal government right now says what it's trying to achieve is that if somebody goes into the hospital in Halifax or Toronto, that person receives roughly the same sort of care across this country.

I'm just throwing out numbers, and they're not exact, but if they went on that basis, right now let's say the provincial government spends \$1 billion on programs; you're alluding to that \$1 billion being given to the provinces, but under what stipulations?

You have trade regulations. They would have to have some sort of arrangement, and they would say that each province is entitled to a certain amount.

It's easier with the health transfer because it's by the amount of people—so many people in Ontario compared to Nova Scotia, or whatever. But if you went down that road, the tricky part would be P. E.I., for instance, which is a big agricultural area but it has only 150,000 people.

I guess what I'm getting at is that you would have to have a bit of a formula on the basis of the amount of agriculture in that region. Is that what you guys are thinking would be a better scenario?

Mr. Steve Twynstra: That would be just strictly on gross dollar value of the non-SM industry, basically.

Mr. Greg Devries: That was in place a number of years ago. I forget the terminology of it all, but there was allocation from the federal government to the provinces based on GDP, and I think Ontario got 23%. So if there was \$1 billion that the federal government gave out, the Ontario government got \$230 million, and some of that went into the market revenue program and some of it was allocated to different issues at need. That effectively did the same thing.

The second part is the federal government administering programs, and frankly, you guys are expensive. We can do it much more cheaply provincially. We can do it efficiently and with less bureaucracy.

Mr. Steve Twynstra: Waiting until 2010 to get a 2008 AgriStability fee is unacceptable.

Hon. Mark Eyking: That's my only question. I have only a minute left, if somebody wants to add to it.

The Chair: Are there any other comments there?

Okay.

Ms. Bonsant, you have three minutes.

[*Translation*]

Ms. France Bonsant: Thank you very much.

I come back to your suggestion once more. You know that each province has a minister of agriculture who looks after changes and everything like that. What I find most strange is that you want the federal government to send money to the provinces. I completely agree with you about that, because you are saying that federal programs are not working. Who knows whether the federal government, which changes its mind like it changes its socks, will stop sending money to the provinces at some stage, and we will be back to square one?

• (1515)

[*English*]

The Chair: Does anybody want to...?

Marie-Anne.

Ms. Marie-Anne Hendriks: I don't know if where we started at that time was really that bad. It was different.

It is true that the provinces are probably more efficient because they're dealing with a smaller area. However, in Ontario we have huge issues with what's across the border from us and how subsidized products come in here and displace ours at costs we can't match.

So I don't know how we put something in place to stop what Ontario farmers consider to be poaching. If you can find a way for the federal government to referee that sort of thing, that's a very good plan. But provincial flexibility is a must. We're just too diverse a country.

[*Translation*]

Ms. France Bonsant: It is true that Canada is a big country. When you look at it in its entirety, you are looking at a continent. This is no small province.

Do you believe that the federal government's role is to make sure that what comes into Canada from outside is not just dumping, not just someone's leftovers? The requirements for our domestic products should also be the requirements for products from elsewhere, be they from Brazil or from the United States. Each year, in my riding, we are always recalling those little carrots from California because we find salmonella in them.

Do you believe that the federal role is to make sure the products coming into the country are safe?

[*English*]

Ms. Marie-Anne Hendriks: Exactly.

[Translation]

Ms. France Bonsant: Thank you very much.

[English]

The Chair: Briefly, Steve.

Mr. Steve Twynstra: I'm not sure it's the federal government's role to guarantee it as much as it's the importer's role. I think more onus needs to go on the importers to pay the full cost of protecting and ensuring the product they bring in. And then it wouldn't be so cheap for them to bring that product in if they have to take full responsibility for it.

The Chair: Mr. Allen, three minutes.

Mr. Malcolm Allen: I was interested in what Jamie talked about earlier, about farmers driving the price of land up. I actually live in the Niagara area. If you want to talk about expensive land, come down to our neck of the woods and see what it costs an acre.

But when you start looking at land use policies—especially when we're trying to get folks like Joe in, who was talking about the expense to get land to start production.... Can you speak to what land use policies are, especially when we're close to urban areas, as you are close to London? What do we need to be doing, or what would you like to see happen when it comes to...? There are municipal, provincial, and sometimes federal acts that determine land use policies. What do you need to see that would help you actually with the types of things you need, which is land that is reasonably priced so that young farmers can get started?

Mr. Jamie Robson: Where we are in Middlesex Centre, the biggest growing cash crop is probably a horse, because I think there are more horse farms that have gone in around us than there are farmers. I don't know the last time I ate a horse. I'm not sure if I have or I haven't. But I eat at a lot of fast food restaurants, so I probably have.

Voices: Oh, oh!

Mr. Malcolm Allen: I'm sure you might have; you never know. Let's talk about the offshore stuff.

Mr. Jamie Robson: It just seems to me that we're a little bit behind the times. We seem to be bombarded in our area with recreational-type farmers. Now, in the early seventies, that was fine, because they bought 50 acres and they rented 48 of it back to you. So it was a good deal. Now they seem to buy 50 acres, put a \$1.4 million house on it and a \$2 million horse farm, and when you drive down the road with your equipment, they're waving hands at you wanting you to slow down, or they ride through your field when you're planting as if it's a given right.

I don't know whether that's a policy issue or the way society is today, but that really is, in our area, probably agriculture's major competitor. Where we are in the Ilderton area, it's not the City of London coming out and grabbing land for housing. They seem to have enough, I think for the next 10 years anyway, the way they're going. It seems to me we're almost becoming parkland. I don't know where that blame comes from, whether that's federal, provincial, or municipal. We can blame it on whoever we want, but it just does not adapt well. I think the Niagara area has gone through these issues. It seems to be that if you're near an urban centre, that's what you get. What you do about it, I don't know.

● (1520)

The Chair: Brian.

Mr. Brian Lewis: I just want to follow up on that.

It's true. It's almost like a right to farm, where you have people coming in who will buy 50 acres and bid it up because they're in a different industry. If they're coming from London or an urban centre, or they have the funds, it doesn't matter. They move in and then they start telling you how you should operate and how you're inconveniencing them. They're buying farm property. They're buying a property that's downwind from a livestock operation and then they complain about it. Who's producing the food? Who was here first? Where are our rights?

It's true, you get complaints because of dust. You get complaints because you're spraying and they have a smell. You get complaints for odd hours of traffic. It's not a nine-to-five job for us. We're just starting to see more and more of that. You may not notice quite as much if you're in a rural setting, but as you get closer to the urban centres, they're encroaching on us. I think there is a right to farm here, to a certain point, and we need to be protected or get away from all these problems and let us do business.

The Chair: There is a right to farm act, but that doesn't eliminate complaints.

Mr. Brian Lewis: Yes, but we shouldn't have to constantly apologize for what we're doing when somebody encroaches on us. And it only takes one to put a sour taste in your mouth.

The Chair: We're out of time, but Marie-Anne, you can have a quick comment.

Ms. Marie-Anne Hendriks: Yes, or pay for the defence to fight.... I'm very fortunate. I live in a municipality where you have to have 51 acres to sever a farm, so there are fewer severances, but it is clearly an issue. Communicating the importance of farmland, which was one of my points, would go a long way. It's something the government could do just to sensitize urban people.

The Chair: Again, on that issue, I agree with you, but those tend to be municipal responsibilities with certain controls by the provincial government.

Mr. Richards, three minutes.

Mr. Blake Richards (Wild Rose, CPC): Thank you.

I thank you all for being here to share your experience and your expertise and your passion for farming.

I do sense a lot of optimism at the table here today. Clearly there is some work to do in order to help particularly the young farmers getting into the industry, and there's some work to do to improve the future, but I do sense a real optimism here at the table, and that's refreshing.

First of all, Greg, I think you mentioned that you grow some wheat.

Is there anyone else here who grows wheat or barley?

I'm curious and I'm interested. I'm here from Alberta, and one of the things we've learned as we've gone across the country is not only about the future of farming, but we're also learning about some of the things that are different in different parts of the country. Obviously in western Canada we have the Canadian Wheat Board monopoly. I know you don't have that here, but I'm just curious about where you market your wheat, who you sell it to, and the process you go through to determine that.

The Chair: You have two minutes.

Do you want to comment briefly, Greg?

Mr. Greg Devries: Yes. We sell wheat just like we sell corn, just like we sell soybeans. We have a competitive marketplace for wheat, and it's probably one of the crops that's made us the most money in the last couple of years. If folks want to go through our Ontario Wheat Board, through the pool, they can. That opportunity is there for them. If they want to sell on their own and take the risk of storing it and all those aspects that go with managing risk, then they have that opportunity as well.

Mr. Hugh Aerts: I don't know if you know it, but the original movement for Ontario to get out of the wheat pool originated in Middleton. When Ontario farmers decided they wanted to market their own wheat, the original motion came from this area. I think for the first two years they got laughed out of the room, but we won.

Mr. Joe Dickenson: We wouldn't be farming today like we are now at the turn of the century if it wasn't for being off board wheat, and we're growing different market classes of wheat now. We've been innovative in that way.

Mr. Blake Richards: It certainly is encouraging, and I know my farmers in Alberta would be encouraged to hear that there is hope for them, that they can have that choice in the future.

• (1525)

The Chair: I think Joe wanted to comment, if that's okay.

Mr. Joe Dickenson: I produce organic wheat, so basically I have to (a) hope that I can find a buyer, (b) hope that the buyer is still solvent enough to pay me after I sell it, and (c) hope that he honours the contract at the end of the year. Really, it's no different a risk than for my other two commodities. I treat it the same as soybeans or corn.

Mr. Blake Richards: I appreciate that.

Do I have some time?

The Chair: Your time is up. I'm sorry, Blake.

Mr. Valeriotte for three minutes.

Mr. Francis Valeriotte: Last week we heard a lot about the fact that while there's free trade, there isn't fair trade. Sometimes I think we've relegated ourselves as Canadians to thinking we always have to negotiate from a position of weakness. I'm not convinced of that.

We heard things about dumping from the United States. At the end of the season they'll dump everything in at a low cost, but the reason they get away with it is because they average the cost at the end of the season, a lower price versus the average prices earlier in the season.

I'm just wondering if any of you have any comments about the need for us as Canadians to look at those agreements and realize that just because they were made four, five, ten years ago, they're not written in stone. Maybe we should be looking at these things and fixing them so that they favour us just a little more as farmers.

Does anyone have any comment on that? Am I wrong?

Mr. Steve Twynstra: I just think it would be nice if our federal government would grow some balls when it came to trade negotiations in agriculture, because we're always concerned about anything we export being considered dumping in another jurisdiction, yet we're more than happy to take stuff below cost in our own country to the detriment of our own producers. I have a real problem with that.

Mr. Greg Devries: I think trade agreements are good in that they give us market access. We're an export-oriented business. I think the dumping issue is one that always needs to be dealt with. A number of years ago, the corn association went and put an anti-dumping case together. It's very onerous, it's very expensive, and it's producer-driven. They weren't successful. Currently, there is an anti-dumping case taking place against Dutch peppers as well, once again by our producer organization. It's very expensive, very costly, with no given outcome to it at all. Maybe that process should be examined and looked at in terms of how you can make it easier for those affected to use that process at a reduced cost.

Mr. Brian Lewis: Just very quickly, from the supply management side, it's interesting that right now, just because of our trade agreements, we have to buy 20% of our day-old chicks from the U.S. Putting that into perspective, what you've done is taken the hatcheries here in Ontario—or any province in Canada—and you've suddenly said that 20% of your market is off the table, without question. If you put that back in every person's life, you've effectively said, you're not working a five-day work week any more, you're working four, or instead of making \$20 an hour, you're down to \$15, or you're down to \$10, because of trade agreements.

On the chicken side, we're already allowing in for import 8.5%, and we go to the WTO and everybody is saying you have to increase that. Nobody's even close to that. That's the shame in it all. If the U.S. and the European Union allowed 8.5% free trade, everybody's problems would be solved who think that free trade is the way to prosperity, but there are all these artificial barriers that suddenly pop up.

You can find whatever you'd like, but I think we have to look at what we're giving up and what we're getting. You can be the boy scout all you want, but the fact is, if you come in with another piece of legislation or suddenly you just say we have a homegrown effort, if you have Grow Ontario or Grow Canada, but you really stick to it, your trade agreements won't mean anything. I think we have to be very careful with what we're doing there.

The Chair: Thank you, Brian.

We are out of time.

There's just one last thing I'd like to hear a brief comment on. Ms. Bonsant brought it up, and, Marie-Anne, you commented on it. It was about the provinces having the freedom to have some of their own flexibility.

I've been in the beef business and have farmed all my life, and I've always looked jealously towards Alberta and how they supported their beef producers out there, and to the east to Quebec and how they support all their agriculture in general. I don't knock those two provinces for that. I think they're supporting their farmers. But at the end of the day, a national government's role is to look after all of its farmers or people in the same way.

Would you agree with the statement that only a province can offset what another province does? I think you know where I'm going with that.

Ms. Marie-Anne Hendriks: I'm just thinking about which hat I'm wearing right now sitting here.

It is true that in the present structure we have, that is the only way it can happen. I really think the federal government needs to support all farmers in ways that make sense.

It doesn't make sense to do per-acre payments. It doesn't make sense to have various programs when you have such a diverse country. I honestly don't know how you deal with the issues of different provinces. Different provinces supporting their producers is one thing. Different provinces supporting them to the level where

they're actually driving business out of neighbouring provinces is another issue. I don't know how you referee that, and I don't think constitutionally you can, but I think the federal government has to focus on what it makes sense to do for all producers across the country.

The Chair: I agree with that. Whether or not it's done on a per-acre basis, you have to pay a guy with 100 acres in Saskatchewan the same as a guy with 100 acres in Ontario. If you do it on a per-head basis, it's the same thing, and that's ultimately the way it has.... It's always been very disappointing to me, living in Ontario, with half the population of Canada, that we have a government that doesn't ever really support agriculture in the manner that it could. If people are your ability to pay, we certainly have them in Ontario, but it doesn't show.

Anyway, on that note, I'd like to again thank all of you for coming here, for taking the time out of your busy day. It's great to have you. We could have probably spent two more hours here quite easily. The very best to all of you in your operations, and thanks again for being part of our study. Thank you very much.

The meeting is adjourned.

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