



House of Commons
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 054 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Thursday, April 19, 2007

Chair

Mr. James Bezan

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Agriculture and Agri-Food

Thursday, April 19, 2007

• (1310)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call the meeting back to order. We're going to continue with our hearings on APF.

We want to welcome to the table Lorne Martin, who is the assistant deputy minister for Manitoba Agriculture, Food and Rural Initiatives; Bill Swan, who is the board member for district 5, which is this area, for the Dairy Farmers of Manitoba; the president of Keystone Agricultural Products, David Rolfe; and from Manitoba Chicken Producers, Wayne Hiltz and Waldie Klassen. I want to welcome all of you to the table to help us with our study on the agriculture policy framework.

I ask that all of you keep your opening comments to 10 minutes or less. We would really appreciate that. It gives more time to ask questions of you.

With that, Mr. Martin, I'll turn the floor over to you for the first 10 minutes.

Mr. Lorne Martin (Assistant Deputy Minister, Department of Agriculture, Food and Rural Initiatives, Government of Manitoba): Thank you. Welcome to the standing committee to my beautiful part of Manitoba. I live just north of here at Arnes on the shores of Lake Winnipeg on my great grandfather's homestead. Welcome.

I plan to speak on three separate areas related to the APF: the broad agreement itself, business risk management, BRM, and the next generation of agriculture and agri-food policy, called APF II by a lot of people.

The agricultural policy framework represented an important advancement for agricultural policy in that it moved to a more integrated, broadened approach to federal-provincial policy development beyond BRM, or safety nets as they were called then.

There was also recognition of the substantial provincial contributions in other areas of policy and programming in developing the APF. Other areas of importance to the industry and to Canadians were explicitly included, such as environment, food safety and quality, renewal, and science and innovation under the tag line of non-BRM.

The predominance of funding was in BRM programming, originally identified at \$1.8 billion per year in federal-provincial funding, with about \$200 million across Canada for all the non-BRM elements.

Finally, there was a smaller federal funding component called wedge funding that was identified to assist provinces to provide province-specific programming. This was an important tool to allow programming in areas of importance to each province.

The national programming approach of the APF provided significant consistency across Canada but lacked the ability to deal with the regional issues faced by provinces. Some of the biggest challenges with the APF came in the implementation of non-BRM programming. It took substantial time both to develop and to negotiate and implement agreements for the many new programs. This was complicated by new federal rules being introduced and enforced after unrelated situations—I don't think I have to explain that—challenged the accountability of the federal government.

Under BRM programming, in the APF, provinces and the federal government moved to a so-called two-program set; that is, production insurance and the Canadian agricultural income stabilization, CAIS, program that began in 2003. The CAIS program tried to combine many of the stabilization features of the net income stabilization account, NISA, program with the disaster income support of the Canadian farm income program, CFIP.

Based on payments being made when current incomes fell below historical incomes, CAIS was WTO compatible and focused on payments to producers based upon need. However, even before the program was implemented, we had challenges when the BSE crisis meant that CAIS payments may have been insufficient to meet the income drops faced by beef producers. The result was that changes were made to CAIS even before it was implemented, with higher payment caps and payments on negative margins being added.

Throughout the period of the APF, we have seen some significant challenges in farm income. This has increased Manitoba's CAIS costs far beyond that anticipated at the start of the APF. In 2005, our recorded costs were 148% above this anticipated cost. In fact, overall farm program spending by the province is at a higher level than it ever has been in history.

CAIS costs incurred by the province would have been much higher in each of those years except for high levels of ad hoc spending by both governments that reduced CAIS payments to producers. Manitoba has made it clear to the federal government that affordability of BRM programming is a substantial issue for provinces like ours with a large agricultural sector and a small population. Interestingly, even with CAIS payments at very high levels, there has been significant dissatisfaction among producers with the program. Changes to CAIS in the past two years have made the program more responsive to producers, but it remains to be seen if this translates into more support for the program.

I'm going to turn to the next generation of agriculture and agrifood policy.

As the APF ends in 2008, governments are now looking to develop the next generation of agriculture and agrifood policy. In this framework, we are borrowing a page from stakeholders in moving away from the pillars of the APF to broader and more integrated policy outcome areas such as being a competitive and innovative sector, being a sector that responds to society's objectives, and being a sector that is proactive in managing risks.

Under these policy outcome areas are specific undertakings that relate to what was previously called the BRM and non-BRM areas. While BRM is still considered very important in this framework, there is a significant recognition that we need a strong focus on the other areas to position the sector to capture the long-term opportunities.

We are discussing a BRM approach that could include enhanced production insurance, a modified CAIS with the top 15% tier not eligible for producer payments, a producer's savings account program, and a possible agricultural disaster assistance framework that could allow disaster funding when other programming does not deal with the impacts to producers.

Of substantial importance to many provinces, including Manitoba, is regional flexibility, moving away from the rigid national approach used under the APF. The big question here is the degree of flexibility that is appropriate versus a still significant need for national consistency.

Governments have also recognized that the full range of policy tools—program spending, regulatory regimes, and tax-related tools—must be considered and used to address key issues where appropriate.

We must also explicitly take into account the WTO and potential for a new agreement in designing the next generation of agriculture and agrifood policy. It has become clear that our major international trading partners are positioning themselves to take advantage of a new deal, and Canada must do likewise or face major challenges.

We need to do this to assist our industry to capture new international opportunities that result, to allow our sector to adapt to new international trading rules, and to ensure that Canada can meet our trade obligations.

I would be remiss if I didn't identify two key priorities for Manitoba in the next generation: rural development and infrastructure improvements. It has become abundantly clear to us that

agriculture and agrifood and rural development are inextricably linked. Agriculture depends upon healthy rural communities, and rural communities depend upon a healthy agricultural industry.

Similarly, improvements in rural- and agricultural-based infrastructure are essential to allowing the agriculture industry and rural developments to move ahead. To ignore these two issues would be to ignore a key opportunity to assist the agriculture and agrifood industry to move forward.

In conclusion, I believe we have an exciting opportunity to assist Canada's and Manitoba's agriculture and agrifood sector to prosper and to realize substantial opportunities in a dynamic and changing world environment. We will continue to work closely with stakeholders to ensure that we get the next generation of policy framework right.

Thank you, Mr. Chair.

•(1315)

The Chair: Thank you, Mr. Martin.

Mr. Swan.

Mr. Bill Swan (Board Member, District 5, Dairy Farmers of Manitoba): I'd like to welcome the committee to Manitoba. It's great to see the committee touring Canada. I certainly thank you for the opportunity to make a presentation today.

I represent Dairy Farmers of Manitoba and sit on the board of directors. I also sit on the board of directors of the Dairy Farmers of Canada, but I will speak today as a producer from Manitoba.

The dairy industry in Manitoba represents 430 producers who generate some \$200 million and produce about 300 million litres of milk annually. Dairy Farmers of Manitoba is committed to producing milk according to the highest standards of quality and is totally financed by and represents all dairy farmers in the province.

I believe the committee has heard from the people in B.C. about recognizing supply management as a business risk management program, so I'd like to focus a bit more on market development and trade.

Dairy Farmers of Manitoba believe it is critical to acknowledge the importance of the Canadian domestic market to Canada's agriculture and agrifood economy in the next generation of agriculture and agrifood policy. The bulk of revenue from Canada's agriculture and agrifood production, over 70%, comes from the domestic market.

The biggest market for Canada's farmers and processors is Canada. The Canadian agriculture and agrifood market is a vibrant one that encourages growth and value-added processing. Canada's farmers are the foundation of that growth. Moreover, from a global perspective, of all food produced in the world, 90% is consumed locally. Only 10% is exported internationally. Domestic markets are important to farmers around the world.

The next generation of agricultural policy framework must clearly and explicitly recognize supply management and the three pillars: producer pricing; import controls; and production discipline as Canada's dairy, poultry, and egg business risk management program.

The Canadian dairy industry has become the viable sector we know today because of the supply management system that was implemented four decades ago. Market development strategies have been and continue to be an important element of the Canadian dairy industry. The Canadian market for dairy would not be the viable market we know today without an adequate market development plan.

Dairy farmers alone invest \$90 million a year in market development, promotion, and nutrition. It must be recognized that the supply market is a critical element of the market development strategy for the dairy sector.

Regarding the WTO, we understand that the survival of supply management is an uphill battle, but we must remember that unequivocal support for supply management was expressed by the members of the House of Commons in the November 2005 motion. Consistent with that motion, the Canadian government must go beyond by sending a clear message to our trading partners that Canada is serious when it comes to protecting and defending the three pillars of supply management.

Canada is a model when it comes to respecting international obligations. All countries, including Canada, have rights, and invoking Canada's rights may be necessary at times to support the domestic policy objectives.

We should not be shy about exercising these rights in support of domestic policy objectives, including the operationalization of Canada's right to use the special safeguard measures; exercising our rights, such as article 28 of the GATT; using due restraint when considering whether to issue supplementary import permits; and reviewing CITT and CBSA practices to ensure greater transparency and to ensure that producers of raw products have standing in the context of Canada's trade remedy regime. Proceeding with these measures will increase Canada's credibility at the international level.

To conclude, Dairy Farmers of Manitoba believe it is critical to acknowledge the importance of Canada's domestic market for Canada's agriculture and agrifood economy in the next generation of agriculture and agrifood policy. It must clearly and explicitly recognize supply management in its three pillars: producer pricing, import controls, and production discipline as Canada's dairy, poultry, and egg business risk management program.

Thank you, Mr. Chairman. I'll wait for questions.

• (1320)

The Chair: Thank you, Mr. Swan.

Mr. Rolfe.

Mr. David Rolfe (President, Keystone Agricultural Producers): Thank you very much, Mr. Chair.

First, in introduction, I'm David Rolfe, the president of Keystone Agricultural Producers. Keystone Agricultural Producers represents approximately 7,000 farm families from across Manitoba, and on

behalf of those farm families, I would like to echo Bill's comment: "Welcome to Manitoba".

I do not have a prepared speech, but I do have a series of bullet points that I would like to address.

First off is a look back at the APF. The APF was a five-year plan, and there was certainly merit in having a five-year plan in place for agriculture. It was the first time that had ever been attempted in Canada. However, it was a five-year plan without a clear vision of where agriculture needed to go.

During the three or four years we've had since 2003, since the program was put in place, most of the time has been spent on program development. A significant amount of time and resources have been put into program development, and the consequence of that means the delivery on the program has been slow. Especially when you look at the environmental programs, business risk management suddenly got a whole series of changes that have complicated the issue.

There have been enormous problems with CAIS. There have been administration issues on the cost of delivering the program, and the wait times that producers have to experience to receive any benefit from this program are just outrageous. CAIS was supposed to put an end to ad hoc payments, but guess what? We've had an ad hoc payment every year since. It certainly hasn't solved the problem. In fact, it has made the problem worse, in many cases.

I was part of the APF review panel that the former minister put in place to look at APF's accomplishments. It became very apparent from the information we received that there had been a significant amount of money spent on the industry one way or another, whether it was in support, through the CAIS program, whether it was in development of programs, and so on and so on, but what we couldn't find was any real results on the ground. There was no evidence that the money being spent had actually made a difference to agriculture.

When you look at Manitoba's situation in particular, in 2001, Manitoba had 21,000 farms. By 2005, we were down to 18,000 farms. I don't believe APF achieved its goal, not in that period of time.

The business risk management portion certainly hasn't put confidence in the industry. It hasn't put enough confidence in the industry to make investment. If we look at the amount of debt that industry carries—and I have some statistics here—that debt has doubled since 1996. It was around \$25 billion in 1994—\$26 billion, I believe—and it's now up to over \$50 billion. In the same time period, net cash income from farms in 1996 was \$2.5 billion; and in 2005, it was \$1.94 billion. That tells me that we as agricultural producers have been borrowing to stay in business; we haven't been borrowing to invest in our operations.

I'd like to echo one comment that Lorne made, that one size does not fit all. That has become very, very apparent in the programming. We've attempted to make that glove fit right across Canada, and it simply cannot. There are too many regional differences, too many provincial differences, and too many commodity differences.

There's a perception that there's a lack of progress in some areas. Food safety is one where we're receiving messages from AAFC that food safety hasn't moved on as quickly as possible. That's a myth. The food safety program has been driven by the commodity groups since the mid-1990s and has achieved considerable growth in that time, up until APF I started. There has been growth since then, but perhaps it has not been enough to suit AAFC's mandate. But the growth was in the initial stages in the mid-1990s and up until 2003, and there has been a significant increase since then by commodity groups that have been moving forward. So that piece is a myth.

One of the other disappointing facts just recently is that there has been a disbanding of advisory committees. That is disappointing because we feel there's a significant need for more advice to the department to develop programs and policy that are meaningful for farmers and are practical to work. So I certainly hope there's an opportunity to put some of those committees back in place. The ultimate result of loss of farmer input into the process is poorly designed and impractical programs. We need to correct that issue right now.

• (1325)

As I mentioned, right from the get go, APF I was a collection of programs with no clear vision. We have to develop that clear vision. We have to know where we are going. We have to take a look at where this industry needs to be 15 years down the road and then put policy and programs in place to address that.

Farmers need to know that government recognizes the need when it comes to safety nets. The current mess with CAIS, which it is, certainly doesn't put any confidence in the industry. We need predictable and bankable business risk management programs. What we don't need is a carry-on of existing programming.

We started off with AIDA. It was the same principle, a margin-based program. Then we went to CFIP—same principle, a margin-based program. Now we have CAIS. Well, guess what? It's like banging your head against the wall. If it didn't work the first time, it's not going to work the third time.

In your documentation you have an idea from our organization for a contributor-style program. It is the registered farm stabilization program. I would be more than happy to attempt to explain how that may benefit producers as we move forward.

We were glad to see that there was mention of a contributory-style program when the Prime Minister made the announcement in Saskatoon. That certainly is something that industry has been pushing for.

We also recognize, as a farm organization, the importance of supply management in the business risk management envelope. That is certainly critical to Manitoba.

We are looking for a seamless transition between APF I and APF II. There are some difficulties with uncertainty as to whether some programs are going to continue, especially on the food safety side and the environment side. We need that transition to be seamless. There has been a tremendous uptake on the environmental programs. We don't need that progress to stop.

We need to ensure a more predictable operating environment. We are all business people right across Canada, and we need that certainty within the industry so that we can make the investment to move forward. We need that opportunity.

We don't need to repeat the mistakes of the past, and I refer to CFIP and AIDA on that. We need to ensure that all pieces of the puzzle are in place, as opposed to a patchwork approach. I will be more than happy to explain that as we get into the question period. Certainly when it comes to completing a jigsaw, which the farm business envelope is, we don't need a piece missing. We need all the bits and pieces of the puzzle to make the enterprise go.

In the area of research—and this was a huge mistake in the 1990s when research was pulled back; we are paying the price for that right now, simply because the money wasn't spent, facilities were not put in place, and the people weren't retained. We will be paying the price for that for the next two generations.

We certainly appreciate the commitment to research that the present government has made and the dollars that are flowing.

We need more interdepartmental consultations. All too often we have departments where the left hand doesn't know what the right hand is doing. When you get into Health Canada, Environment Canada, and even within the departments of AAFC and CFIA, there is very often no communication, or a lack of communication, between departments. That has to end. If we are going to move this industry forward, everyone has to know what's going on.

We have to be aware of the trade implications of a possible WTO trade deal. One of the issues we've been looking at, as a farm organization, is how we address the possible loss of up to 50% of the level of domestic support that we may experience.

We suggest that APF II is a perfect opportunity to begin to analyze where we need to be 10 years down the road and what type of programming we need in place. We feel there is a significant need to move toward a level of green programming, so that we don't have to make adjustments in midstream APF II. Let's put the right programs in place now. Let's put the environmental programs in place. The classic one that we see fitting into that envelope very nicely would be the ALUS program.

We need to be proactive versus reactive when it comes to policy. We are living with policy now that was designed in the forties and fifties. That was when Canada was emerging and it was the bread basket to the world. We are no longer the bread basket to the world. We have to face that, and we have to put policies in place now that are going to make us competitive in the world. We need to address those issues and we need to address them very quickly.

I would like to make mention of the Canadian farm bill, under the CFA. I think that is an excellent model to move industry forward. It has three pillars: the business risk management pillar, the public benefits pillar, and the strategic investment pillar. I would be more than happy to go into details of that as we get into the questions.

•(1330)

I would like to leave you with a joke. I have a friend in the farm media, and he was sitting right behind me here earlier on this morning. He likes telling me the joke of a farmer. Why do Canadian farmers wear their baseball caps backwards? And I think he tells me this joke to wind me up. He says it's so we can look in the mailbox and find the government cheques. It's actually not. It's because we have our hands tied behind our back so we can get closer to the mailbox and pull those government cheques out with our teeth, because that's what it's like trying to operate under the circumstances we're operating under.

I'll leave you with that thought.

The Chair: Thank you, Mr. Rolfe.

Mr. Hiltz, please, from the Manitoba Chicken Producers.

Mr. Wayne Hiltz (General Manager, Manitoba Chicken Producers): I'd like to thank the committee for the opportunity to present. Manitoba Chicken Producers represents both the hatching egg and the chicken industry in Manitoba, and combined, we represent approximately 142 producers. We produce about 40 million kilograms of chicken on an annual basis and about 39 million hatching eggs in the province.

Supply management is an important and integral component of Canadian agriculture. As such, supply management requires proper recognition of supply management and its three pillars within the APF. The APF, as we all know, is a framework of policies for agriculture and agrifood. The principal goal should be to achieve and sustain profitability and growth for every sector. To achieve this goal of profitable sustainability, the APF must go beyond simply identifying solutions to problems. The APF must also identify, embrace, and strengthen the components of Canadian agriculture that are successful.

The APF must strengthen the mechanisms that allow for these successes such as supply management. These mechanisms must be defended in international agreements to ensure the strength and sustainability of these successful components and programs for the future.

Supply management needs to be clearly defined as a program within the business risk management pillar. Supply management systems are federal-provincial agreements initiated and supported by appropriate legislation that regulates the marketing of dairy, poultry, and eggs in Canada. These systems are dependent upon the support of the three equally important pillars that Bill mentioned.

Producer pricing. Our mechanisms are based on farmers collectively negotiating a fair market return for products such as milk, poultry, and eggs. These fair market returns reflect what it costs to produce a safe, healthy, and nutritious product for the Canadian public.

Import controls, pillar number two. Import control measures are essential to efficiently plan production to meet Canadian demand by permitting imports to the level of access agreed to at WTO or NAFTA agreements. Proper mechanisms to administer and classify products that are imported under tariff rate quotas are also essential. Whether it's article 28 being revisited as products are renewed or as

new products are brought into the country or whether it's supplemental tariff rate quotas being given out, these need to be properly handled, and the mechanism needs to be there for industry and producers to have a say in decisions that are made.

The third pillar is production discipline. Production discipline allows for the balance of supply and demand, thereby promoting price and market stability. Production is determined on regular intervals to efficiently reflect changes in consumer demand.

Specific to poultry production within the business risk management programming suite, the poultry industry's primary concern with an agricultural policy framework in business risk management is that poultry support be available for poultry farmers, either as a group or individually, in the event of a disease outbreak that requires depopulation.

The next generation of APF needs to address the gaps in the current programming with respect to ensuring that there is no disincentive for a farmer to report any suspected cases of a rapidly spreading or zoonotic disease.

Appropriate compensation for destroyed animals is critical to a successful pre-emptive cull program and to drastically reducing the cost of a disease outbreak for both government and industry.

Other business risk management programs must cover any Health of Animals Act shortfalls. Some of the issues that are of concern are costs associated with cleaning and disinfecting, and business interruption.

Secondly, the BRM programming suite must ensure that any negative economic impact on other farmers or businesses in close proximity to a diseased farm is minimized until normal production can resume. Farmers who are caught in the net who aren't necessarily directly affected are not covered by the Health of Animals Act, and their most significant risk is their inability to produce or market their products.

Thirdly, the BRM suite must ensure that industry mitigation efforts are covered—reimbursement of expenses for industry, for mitigation efforts such as cleaning, disinfecting, rendering, etc.

•(1335)

With respect to the existing programs that are available under the Health of Animals Act, compensation maximums under the compensation for destroyed animals regulations must be at levels that encourage early reporting. The Health of Animals Act must include compensation for fixed costs.

I think several people have spoken to CAIS already, but to speak specifically to the poultry industry, with the implementation of CAIS, poultry farmers lost the disaster coverage they had under previous programs. The current CAIS program does not meet the needs of poultry farmers, as even in a disaster a margin decline of 30% is not common, and therefore poultry farmers do not trigger the program. In the B.C. avian influenza crisis, over \$3 million of claims were submitted. Approximately \$100,000 of claims were approved.

Manitoba chicken producers applaud the expansion of production insurance to all commodities, and we view it as positive. However, the proposed model is essentially mortality insurance, which will not provide any additional benefit to poultry farmers beyond the existing Health of Animals Act.

That leaves a gap. Additional insurable areas need to be included in this program. Production insurance needs to cover fixed costs resulting from animal disease that are not covered under the Health of Animals Act. These need to be analyzed.

The disaster framework has been authored to compensate farmers in a disaster scenario where gaps occur in other programming. Our understanding is that the framework will only trigger when there is a "collective" disaster. Nowhere have we been able to find out what the definition of "collective" is. It's our position that the disaster framework must apply to a single farmer who suffers a disaster. Again, the APF II must ensure that there is no disincentive for farmers to report on an issue.

On ad hoc programming, Manitoba chicken producers are concerned that the gaps that exist in the business risk management programming suite may only be covered by ad hoc programming. Ad hoc programming is not business risk management. It is strictly financial redress, and in many cases it's not forthcoming once an incident has occurred. The poultry industry is proactively pursuing initiatives to manage and reduce risk as well as food safety issues, and we need the government to support these initiatives with comprehensive business risk management programming that covers all identified gaps.

Thank you.

• (1340)

The Chair: Thank you very much.

With that, we'll open a round to Mr. Easter, who is going to lead off for us.

Hon. Wayne Easter (Malpeque, Lib.): Thank you all for your presentations. There was a lot of information there.

Lorne, to start with you, there seemed to be in your presentation—and I guess I can understand it, coming from government—a lot of concern over the cost to the government of these programs. That concerns me even more when I look at the information coming out of the federal-provincial meeting of ministers, in which they seem to emphasize "cost neutral".

Any producer sitting in this room knows the reality is that we have been under a cheap food policy—a low raw material return policy, if I can put it that way. Farmers seem to be providing the cheap goods for others to gain income from it, and farmers can't bear the burden of those low returns. If governments are going to have policies that make money for everybody else in the system but not for the primary producer, then somebody has to come up with some kind of compensation for it. I wonder if you might have a comment on that.

As well, where do you stand on companion programs? Producers across Canada are basically saying they need national programming, but maybe it's time to bring back companion programs where, in certain regions, there are differences and companion programs may be necessary as well.

The Chair: Mr. Martin.

Mr. Lorne Martin: Thank you, Mr. Easter.

In terms of the cost, first and foremost, just to give you an idea, when we went into the two-program set, in our first budget the CAIS cost was something like \$42 million. I think we talked about an expectation that there would be a long-term cost of approximately \$50 million for the province, which actually would have been higher than what we were spending on NISA and CFIP at the time.

In terms of the kinds of costs that we've had so far, in our first year, 2003, we had around \$52 million. In 2004, our costs were about \$66 million. And in 2005—of course, we had a pretty bad situation in terms of excess moisture—we expensed \$129 million. Of course, that's just the provincial government's cost.

Obviously the difficulty there is that we do have a demand-driven program here, and at no time have we said we won't make good on the whole amount that is required in there. But it is a real challenge when you start going back to Treasury Board asking for those additional dollars.

In terms of cost, it's a real challenge. I recognize that the federal government has faced the challenge, too, but what it comes down to is that they've got 10 provinces to work off. We've just got ourselves, so the volatility for an individual province can be very wild and very difficult to manage. That's a lot of the issue there.

We've maintained for a long time that a 60-40 cost-sharing arrangement, especially for those provinces that have a large agricultural base, a small population, and probably a large agricultural GDP compared to the rest of the economy, is a particular challenge that makes it difficult to deal with.

The Chair: Mr. Easter.

Hon. Wayne Easter: Thank you.

I think we have to look at what the case would be if that money hadn't been expended. We have to start looking at this money not as a cost but as an investment in the industry.

Both you and David mentioned BRM, business risk management. And I think you mentioned, Lorne, that we have to be proactive in managing risk.

Supply management groups have said they believe the three pillars should be in the APF II. What about orderly marketing, and what about the Canadian Wheat Board? Should they be in it as well?

We had a good presentation yesterday, which talked about managing risk options through the Wheat Board. There are several of them, under their producer payment options, beyond pooling itself: fixed price contract, basis payment contract, early payment option contract, and daily price contract. So there are lots of options under the Wheat Board as long as it maintains single-desk selling. Should those options also be considered, or could the tool of orderly marketing also be considered as one of the APF II options for managing within organized marketing risk on the farms?

• (1345)

The Chair: I'm going to ask for quick responses. Mr. Easter's time has expired.

Could we have David first?

Mr. David Rolfe: I think there's been a lack of recognition of the opportunities that the board did provide. I'm not sure where the blame belongs for that. I think we've moved a little bit past, at least on the barley side, whether there should be orderly marketing or not. It appears that producers across western Canada have had their voice on that, and they've said—at least the majority have said—that we should move away from it.

However, there is no clear picture of what the option is for barley marketing from here on, and we're looking forward to hearing what that vision is into the future.

The issue over wheat marketing remains on the table, and again, it becomes one of those decisions that we, as a farm organization, leave to producers across western Canada to make.

The Chair: Mr. Martin, could we have a quick response?

Mr. Lorne Martin: From our government's perspective, it is important to have those kinds of tools that can provide market power for producers, and orderly marketing clearly has been one that has delivered.

There have been a lot of studies around that have suggested there are some significant advantages that have come in the order of around \$15 per tonne, premium, from the board, so that has been an important component.

I guess the best way to say it, from our perspective, is that any kind of tool that provides additional market power is an important one to consider for the next generation.

The Chair: For those of you who require translation services, the mechanisms are in front of you. Channel one is for French.

[Translation]

Mr. Gaudet, you have five minutes, please.

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chairman.

My first question is for Mr. Martin. Earlier, you said that your provincial programs were flexible and that federal programs were not. In your opinion, what would be the solution or solutions to this problem?

[English]

Mr. Lorne Martin: The way I would answer that is I think there's a degree of flexibility you need to have in terms of designing your own program so you can address the individual needs of the producers in your province. We've done a number of things with what they call wedge money; we've provided some programs for our producers, which have been very important.

One of the difficulties we find, though, is answering the question, where are you going beyond that continuum of very rigid national programs versus flexible? You have to have some national consistency, not the least of which is to try to make sure that you're WTO compatible, and also so that you have a fairness across the country. It's something we're still trying to work through, but clearly, in the last APF we had too much rigidity and not enough flexibility. I think we're explicitly trying to deal with that right now.

[Translation]

Mr. Roger Gaudet: Thank you.

Mr. Swan, I'd like you to tell us about the next generation of dairy farmers who will be replacing you. Is there such a thing? Is there not? Will it disappear?

[English]

Mr. Bill Swan: It's a very interesting question.

I think if you look at the history of supply management, it's been around for some 40 years. I guess we've always been under a lot of pressure to survive. Supply management always has a certain amount of flexibility. We've always been able to survive. I think it's up to the leaders of today to in fact make sure it does survive and to continue to adjust as we move forward. We need to find ways whereby we can meet the demand, whether it be through trade or whatever. We need to continue to evolve and continue to deliver the benefits to producers that we've delivered over the past. We need to continue that on into the future. I certainly think it can be accomplished.

• (1350)

[Translation]

Mr. Roger Gaudet: Thank you.

Mr. Kiltz, are young farmers essential or are they difficult, in your field?

[English]

The Chair: Whom do you want to speak?

Mr. Hiltz.

Mr. Wayne Hiltz: As an industry we certainly are aware that changes may occur. In different parts of the country you have different challenges with what may or may not occur in the future. Certainly, the issues that are facing a chicken farmer in Newfoundland versus the issues facing a chicken farmer in Manitoba may be different, depending on the outcome of WTO.

To say that we have a set plan would not be accurate. We do not have a "what happens next?" scenario. I think our industry has chosen to participate in the opportunities that are available to it to promote the chicken industry and supply management as a viable component of Canadian agriculture and try to garner support to continue with the three pillars as they stand today.

[Translation]

Mr. Roger Gaudet: Thank you.

Mr. Rolfe, you stated earlier that there were 21,000 farmers and that there are now 18,000 farmers. Do there seem to be young farmers in your area?

[English]

Mr. David Rolfe: That is one of the biggest issues we face, the lack of enthusiasm for the next generation to take over, the lack of resources for the present generation to enable that next generation to come onto the farm.

Over the last five years, we've seen in Manitoba a series of unprecedented events. BSE, frost, flood, drought—you name it, it's happened in Manitoba. The effect that has had, even with all the safety net programming money that's flowed into the province...and as Lorne said, significant dollars have flowed. But you have to remember that under safety net programming, only 70% of the losses are paid. Agriculture still has to absorb that top 30% for every hit.

When you get four or five disasters in a row, that makes a tremendous difference. Producers draw on their resources. That's why I made the reference to the amount of debt that industry is carrying and the fact that income is still declining. It's a problem that we have to overcome.

In our organization, we have a young farmers committee that we actively encourage to be part of policy developing, but the challenge still remains: how are we going to get that generation to come back to the farm? I'm afraid we've lost one generation through BSE. The only saving grace that will bring those kids back to the farm will be profitability back at the farm gate—not dependence on business risk management but making sure we have the tools in place so that we can be profitable.

Get the right regulations in place, get the right business environment in place, get profitability back on the farm, and that generation will come back.

[Translation]

The Chair: Thank you very much, Mr. Gaudet.

[English]

Mr. Anderson, five minutes, please.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, Mr. Chair.

Mr. Martin, you talked about the disaster plan that we've all talked about, putting it alongside the BRM programs. But does your government have a definition of “disaster”, of what they would consider to be the parameters of a disaster plan? We get a lot of different concepts and ideas of what a disaster might be. I'm wondering if your government has a definition of that.

Mr. Lorne Martin: What we've been doing is we've been working with the federal government and other provinces in developing that agricultural disaster assistance framework, which is geared at those kinds of disasters that are not being picked up by the disaster financial assistance arrangements, the federal-provincial-municipal arrangements to fund disasters.

A lot of things are included in there, but they are focusing on some of the things that, for example, Wayne had indicated. If you have an AI situation, and you have the situation of cleanup and depopulation, some of those things that are not covered off by the Health of Animals Act and that kind of thing would be included in there.

I mean, as a province, we work with the federal government on that. We don't have a specific one that is separate from the federal government; it's with them.

• (1355)

Mr. David Anderson: Okay.

To Mr. Klassen, and Bill as well, after AI hit in British Columbia we talked a bit about industry possibly working towards some self-insurance mechanisms as well as having government support. Has your industry moved in any way towards that type of self-insurance, protecting yourselves in case disaster hits, and using the long term to protect yourselves for those emergency situations?

The Chair: Bill—or you can sneak in there too, Mr. Klassen, if you want.

Mr. Waldie Klassen (Chairman, Manitoba Chicken Producers): Thank you, Mr. Chairman.

I think it's an ongoing thing that you try to protect yourself from disasters. There's been a lot of discussion. Under supply management, a lot of the issues that you've discussed under the APF and under the business risk management are also.... We fund ourselves because of a levy. Particularly when it comes to food safety, I think the Chicken Farmers of Canada are well advanced in programs like that.

I'd like to deviate a little, if I could, Mr. Chairman, and maybe give you a bit of my personal history as a chicken farmer working under supply management, if that's in order.

The Chair: It's up to the questioner.

Mr. David Anderson: Well, if it's short, because I only have five minutes and I think they're half gone already.

Mr. Waldie Klassen: I'll make it a *Reader's Digest* version.

I was growing up on a chicken farm with my dad when I first started. We had chickens well before supply management, and I'd just like to emphasize the importance of supply management.

I went out on my own when I got married, and one of the first things we experienced was a fire, but there was enough confidence in the industry to rebuild. Another one of the issues was that we had to depopulate our farm, and that was before there was any government compensation, whether CAIS or NISA, or whatever; it wasn't there. But industry came to help us out and we survived and continued. Over the years, with the stability and business risk management from supply management, we've been able to continue.

One of the questions you asked was about young farmers starting over and continuing. I think if we look at our annual general meetings we've had as chicken farmers, there are a lot of young people getting into the industry. I have a son who's now taking over our farm. So there is ongoing succession planning with supply management—and also with the benefits of that kind of business risk management.

So I think it becomes very important for the future of agriculture that it continue, particularly in the regulated industries.

Mr. David Anderson: I expect I don't have much time left, but we heard quite a bit of talk that production insurance will be a very important component of what we do in the future. We heard that again this morning.

I guess I'm interested, Mr. Rolfe, and Mr. Martin, in particular, if you see that as a major component in the direction we should go. There seemed to be quite a few producers who were telling us that it should be a major part of what we're doing in terms of safety net programs.

Mr. David Rolfe: In Manitoba, production insurance, and crop insurance especially, is very well recognized and used. I believe that more than 85% of producers in Manitoba probably do use production insurance; it is critical, and it is one of those important pillars when it comes to business risk management.

The Chair: Mr. Martin.

Mr. Lorne Martin: I guess we have the best crop insurance program in the country, frankly, and it shows in terms of the participation in and satisfaction of producers with it.

We are certainly trying to enhance it and to ensure it does stay an integral part of the safety net framework.

The Chair: Thank you, Mr. Anderson. Your time is up.

Mr. Atamanenko.

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

Mr. Swan, you talked about market development and trade and the importance of a domestic market. I'd like to pursue that.

In British Columbia, one of the topics that was brought up was our food security as a nation. So I'd like to throw that out for everybody on the panel to get some idea of how we can expand our domestic market in other areas besides just the supply management sector, and how that fits in with our food security and rural development and with the infrastructure of your two priorities, Mr. Martin.

Does that mean there's a role for railways? Does it mean we have to bring back a concept of the small or family farm as opposed to the large enterprise?

If we have some time, I'd also like to talk a bit about disaster relief, but perhaps we could just start and get a couple of comments from each of you gentlemen.

• (1400)

The Chair: Mr. Martin, you might as well kick it off.

Mr. Lorne Martin: Sure.

From our perspective, Manitoba Agriculture, Food and Rural Initiatives reorganized about three years ago, and one of the biggest things we've done in reorganizing is to ensure that we have a very strong extension system in Manitoba. We and Quebec are probably the only two provinces who still have one.

As a focus, we have rural development and value-added. We have a strong focus on ensuring that farmers of all sizes make money and that the benefits flow back to those farmers. So in terms of our focus, it's right on track with what you're suggesting.

We believe that other rural development initiatives can play a big role in assisting those farm operations to be viable in this country.

The Chair: Mr. Swan.

Mr. Bill Swan: Thank you for the question.

Certainly in the dairy industry we've developed a quality milk program, a national program, so food safety is very important to us. I guess the situation of the last couple of months regarding pet food is a good example of imports coming in here that were contaminated feed and caused a lot of problems. We really don't want that to

happen, so we need to make sure we do protect ourselves, and that's where food security is certainly very important within the country—and we do need to provide that assurance.

So we're doing that within the dairy industry. In fact, right from the farm gate to the processor, we make sure it's safe. We have a sealing program for trucks hauling milk, and so on. So we've taken it very seriously, and it's all being funded by the dairy farmers themselves; there's no government support for this particular program.

I hope that answers your question.

Mr. Alex Atamanenko: Thank you.

The Chair: Mr. Rolfe.

Mr. David Rolfe: Did I misunderstand the question? Are we talking about the safety of the food supply in Canada or the security of the food supply?

Mr. Alex Atamanenko: My question was dealing more with the security of our food supply.

Mr. David Rolfe: Okay.

In western Canada we are far more than self-sufficient in food production. Our biggest challenge is getting the consumer to realize what a bargain they're getting for the food we produce. We are producing, for the most part, below the cost of production.

In western Canada we see some tremendous opportunities, not in the food security side of things, but in the diversification opportunities we see coming forward, whether it's biofuels, nutraceuticals, or health and wellness products. I'm talking about diversification efforts, and they relate to what Lorne said about extension services from the department. We have some tremendous opportunities.

It is interesting that you touched on the rail issue, because we had a meeting this morning with our municipal federation in Manitoba, AMM, to talk about that particular issue. We're facing a problem in the southern part of the province with proposals to abandon three sections of rail line. We're certainly hoping there will be an opportunity to bring the Standing Committee on Transportation to Manitoba to hear some of those issues. It's critical that we retain the infrastructure to expand the horizons and expand their opportunities in Manitoba in that regard.

The Chair: Thank you.

Mr. Hiltz.

Mr. Wayne Hiltz: In the poultry industry we've been very aggressive about the food safety issue. We were one of the first provinces to have 100% certification of all producers in our food safety programs, again totally funded by producers.

The issues we have with food safety or food security are the standards of the imports and whether the consumer knows that 10% of the chickens they see are imported—and not necessarily to the standards of our own country.

You also mentioned the size of the farms. We certainly promote producers to do what's right for their own individual situations, but we have been able to maintain a strong number of smaller producers because our industry is sustainable and consistently allows producers to make a living doing what they do.

On the infrastructure, certainly David would be in a better position to give a general answer about all farming components. Specific to poultry, our commodities move by truck, and rail is not an issue with poultry.

• (1405)

The Chair: Thank you, Mr. Atamanenko.

Mr. Steckle.

Mr. Paul Steckle (Huron—Bruce, Lib.): Thank you very much, gentlemen.

I think this is a group of people who probably understand what's happening in agriculture and what's happening in Canada relative to our farming communities better than probably we even admit sometimes. But I think there is consensus that for the last 15 years, perhaps even longer than that, things haven't changed very much, other than the date on the calendar or the colour of our hair, because we've been talking about these very same things for a very long time. But we also do know some things that have been with us for a long time have been very stable and have been very good for the industry. One of them was supply management. Even though it has faults, it is one of the issues we have supported.

As governments, we've supported that institution of supply management, the SM5 group. We've also supported the Wheat Board. There are things that have been institutionally there and have served Canada well. But somehow, we seem to want to undermine it. I'm just beginning to wonder whether it's time we started taking a different focus.

The food security that my colleague was talking about is very important. We've come to accept food as a natural given. We have it, we take it for granted, and it should be free. But there is lots of wealth in the industry. The only problem is the primary producer is not sharing in that wealth, and I think it's time we started looking at it in different terms than we have.

We don't want to model after the U.S. The U.S. has one farm bill, and that is the delivery mechanism. It has input into that farm bill from various states, of course, as we should have here. But I'm wondering whether one-government delivery wouldn't be better than having 10 provinces. You would be working for an agency of the federal government. You wouldn't be working for the Manitoba Department of Agriculture. That wouldn't preclude a province having an arm of agriculture, but certainly not the delivery of the moneys. We keep hearing Manitoba hasn't got the money. They have a huge land base and a low population. Saskatchewan is the same. Quebec has a different farm program than Ontario. So we have interprovincial trade barriers.

Isn't it about time we started looking at this picture in a different way, from a different vantage point? We're going to be here 15 years from now doing this. All we're doing is adding, and CAIS was supposed to be the one-stop shop for everything; one stop fixes it all. It doesn't work because we have different concerns in different

provinces. But we need to make the programs fit so all provinces can be equally affected and taken care of, because we're not going to have agriculture in the future, not in the way we know it. It will be owned by the multinationals, and we don't want the Cargills and the Maple Leafs and the ADMs and these people controlling our food in the future. If we do, then the security will be dependent upon them.

That's my view. I realize I've got five minutes. You've got a minute left, I think. It needs to go on the record, and I'm dead serious about this.

The Chair: Mr. Rolfe.

Mr. David Rolfe: I think anything we can do for confidence in the industry and confidence in the financial institutions to make investments in agriculture would be good, whether it's one jurisdiction overseeing the safety nets...and that sure would take a lot of complication out of the picture. It would put a bit more certainty, knowing where our industry was going. We have a lot of issues to solve.

That was my opening comment, that we had a program with no vision behind it, and we need that vision. We need that picture of where we're going. Then we can make all the adjustments along the way. It gets back to that other point I made about having all the pieces of the puzzle.

All too often we get tied up in the politics of agriculture, and we get a bit here, a bit there, and a bit there. All the bits in between that make it work don't happen, whether it's regulation, whether it's policy change, you name it. We're just always short of that one piece of the puzzle. Until we can make a determined effort to put all the pieces in place, change all the regulations, do whatever we need to do, we'll continue to flounder and we'll be here in the next 15 years saying exactly the same thing.

• (1410)

The Chair: Mr. Martin, do you want to comment on the Province of Manitoba having no money? Should it have a department of agriculture?

Mr. Lorne Martin: It is interesting, because of course we have a shared jurisdiction in this country in terms of agriculture. That's part of the challenge we have. Having said that, of virtually all our trading partners, the federal government is the major player in terms of agricultural policy and safety net programming and those kinds of things, so it makes for a big challenge.

It would make my job a lot simpler in some respects, I imagine. But the other thing I would argue is that I strongly believe we know a heck of a lot better what's happening on the ground here in Manitoba with our agricultural stakeholders—no offence to Ottawa—than they do in Ottawa.

Mr. Paul Steckle: That's for sure. I'm not suggesting we would ever eliminate that arm. We need that.

The Chair: Mr. Steckle, your time has expired.

Mr. Miller is next.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thanks, Mr. Chairman.

Welcome, gentlemen, and thanks for coming here today.

Something that needs to be noted here is that Gimli happens to be the smallest place we've visited on this tour, yet we've had the largest number of interested parties here.

The Chair: I think it's because of the MP.

Mr. Larry Miller: It's either because of the MP or going to small places where the heart of agriculture is. It may be a good thing, but anyway it's a credit to the industry here in Manitoba, and we appreciate your coming here.

I have a couple of things. I'd like Waldie Klassen to talk a little bit more on what government might be able to do in keeping young people in agriculture and attracting them to it—succession planning. You talked about one thing that has been done recently that I hope helps a little bit, and I'm sure there are other things we can do in increasing capital gains. There might be a little benefit there to parents wanting to pass over to agriculture.

Mr. Martin, you mentioned that your crop insurance is best. I in no way doubt that, because I don't know enough about how crop insurance works here in Manitoba. I know that Ontario's leaves a little bit to be desired where I farm. Yesterday Saskatchewan farmers as well indicated to us that Alberta's crop insurance was quite a bit better than theirs.

I'll turn it over to Waldie to comment on the first one, and maybe you could address the second one.

The Chair: Go ahead, Mr. Klassen.

Mr. Waldie Klassen: Some of the issues that have been brought up I find interesting.

You talked about succession planning and going to the next generation. I'd like to refer back to our last annual general meeting. If I looked across the crowd, there were not a lot of people with the same colour of hair as I have. I've been around the industry for a long time, and I've appreciated the industry very much. Succession planning is there, and as a board we've made every effort to make sure individual small farmers can stay in business and survive.

The success of the industry ultimately is whether it's profitable. We're not looking for government handouts. We're looking for an industry that is self-sustaining and self-supporting. We have options in Manitoba. We have young farmers who want to get into the business, and supply management allows that to happen. Young guys can get into the business, and young families can start in the business and be successful. The key to the whole thing is that it's profitable enough for them to be interested in that type of farming. Whether they diversify into other areas is up to them; they have the opportunity to do it.

The Chair: Thank you.

Go ahead, Mr. Martin.

Mr. Lorne Martin: Thank you.

First of all, I just wanted to let you know that not only is Gimli a pretty good spot to be, it's also "paradise" in Icelandic. I just want to leave that with you.

The Chair: It's what they call the heart of New Iceland.

Mr. Lorne Martin: It is the heart of New Iceland, absolutely. I grew up here; I've been here most of my life.

When I say our crop insurance program is the best in the country, I firmly believe it. One of the biggest reasons—and you might have heard this from Neil Hamilton this morning—is that we've done a pretty good job of listening to our stakeholders and producers.

We can't do everything. What we've been trying to do, though, is ensure that we have a sustainable program that is going to meet the needs of the producers, and we try to innovate with new products and new commodities. We do pilot projects and those kinds of things to innovate and get some new programs happening in the crop insurance program.

As a result, at last count we had about 90% of the annual crop acres covered in this province. One of the things they've been known to brag about a little bit is that in the Starbuck agency area, literally every acre is covered by crop insurance, and virtually all of it is at the top level of coverage. We look at that as saying this program works. It has done a good job for producers.

● (1415)

Mr. Larry Miller: Do I have a little bit of time?

Mr. Swan and Mr. Hiltz, you're both in dairy and poultry. Have you any comments, either one of you, about succession planning? Do you have any suggestions for government that could make it easier?

Mr. Bill Swan: First, Mr. Miller, part of the response to the last study we did within the dairy industry in Manitoba showed that the average age is 42. So I think we've done very well, and the succession planning is actually happening there.

We've always maintained that we get our returns in the marketplace, not from the mailbox. So we just need government assistance, as far as legislation is concerned. We certainly appreciate the position they took with article 28. Things like that can certainly be a big benefit to the dairy industry.

The Chair: Mr. Hiltz.

Mr. Wayne Hiltz: We would echo Bill's comments. Our average age is significantly younger than the average age of a farmer in Canada, with regard to our producers.

Waldie's right. He's one of the few with silver linings.

Again, the most important thing is to keep the industry successful. This will draw in young people and make for the industry's succession planning. People have confidence in our industry, and they're willing to participate in it. As importantly, the financial institutions are willing to support their desire to be involved in our industry.

So the three pillars of supply management, having it as policy, and protecting our domestic markets with TRQs are issues that keep our industry sustainable and attract young producers.

The Chair: Mr. Hubbard, you have five minutes, please.

Hon. Charles Hubbard (Miramichi, Lib.): Thank you, Mr. Chair.

It's good to hear the last two presenters talking about younger farmers and succession. We know that one situation is that fewer and fewer farmers are producing more and more.

Bill, in terms of your industry, the numbers are going down, but probably production is going up. We heard a lot of good things that the Province of Manitoba is doing.

Mr. Martin, you seemed to talk about having to go to the Treasury Board and sort of argue for how much money might be available to agriculture. What exactly is happening? You talked about increases in percentages, but figures are much better than percentages.

In terms of your provincial budget, what percentage of the budget is being devoted to agriculture, and is that percentage going up or down?

I know you worry about your 40%, sir, your cost-sharing business. But when you go with everyone else, is health care taking most of the money, and education taking a lot, and then transportation? What is happening with agriculture?

Mr. Lorne Martin: I apologize because I don't have answers to all of your questions, in terms of our percentage.

Having said that, I recognize, as do all of us around the table, that health care and education are two of the biggest portfolios in any government. They take up a very large percentage of spending.

Having said that, I think it's fair to say that we've been able to do well in terms of our department. This year, we have an increase in the overall budget for our department of about 11%, which is pretty surprising in our current situation.

I'm not going to try to defend the estimates, because—

Hon. Charles Hubbard: What are you committing each year? How many millions are being committed to agriculture for the present year, 2007?

• (1420)

Mr. Lorne Martin: It's around \$125 million or \$130 million. In the last five years we've been able to average about a 2% per year increase, in terms of our budget. This may not seem like a lot, but when you're faced with continual challenges to reduce, not increase, budgets, that's doing pretty well.

I would also add that those are budget figures. For example, when you have situations in which you budgeted \$53 million for CAIS and you come in at \$129 million, this is not picked up in a budget figure. That's on top, in supplemental funding.

Hon. Charles Hubbard: Is it a disaster when you have figures that are more than twice as much as you planned?

Mr. Lorne Martin: Do you mean a disaster for the province to come up with the money?

Hon. Charles Hubbard: No, I mean for agriculture in Manitoba.

Mr. Lorne Martin: Oh. Clearly in 2005 there was a very big disaster for us, with the excess moisture situation we had. We had a lot of excess moisture claims through crop insurance, and in CAIS, as I say, there were very large payments to producers.

Hon. Charles Hubbard: In terms of our programming agenda, that probably should have been outside CAIS.

If we had a disaster program per se, should it be an annual concern, or a specific concern that some other program could address?

Mr. Lorne Martin: That's actually the exact challenge we're trying to deal with right now: to determine how you deal with major fluctuations like that. It is almost out of the scope of some provinces to be able to deal with them, and that's where we're coming from.

It is a significant disaster.

Hon. Charles Hubbard: Thank you, Mr. Chair. I've probably used my five minutes.

The Chair: Thank you. There were only a few seconds left.

I'd like to ask a question. We're talking about production insurance, and Neil did a good job this morning. We have quite a high participation rate in Manitoba. Is that because of how good the Manitoba program in production insurance is, or is it a reflection of how weak the other programs are and of farmers having to rely on production insurance to make ends meet?

Secondly, especially when we were in Saskatchewan and in B.C., comments were made that their production insurance does not work and is not well subscribed to, and that essentially we have a situation where maybe there should be a national crop insurance program. Maybe Manitoba is a model for that.

I want to get quick comments from Lorne and David on that.

Mr. David Rolfe: From a farmer's perspective, Mr. Chair, the crop insurance program in Manitoba is well accepted. Certainly it's needed, because we have vagaries in the weather and changes of circumstances from year to year. It's very well run. It's a very well-managed program, and it's very well accepted out in the farming community.

Even though we have some difficulties from time to time with the levels of prices and the premium levels that have to be paid, it remains probably the best subscribed crop insurance program in Canada. There's certainly a level of satisfaction with it. But there are issues from time to time that still have to be dealt with.

The Chair: Lorne?

Mr. Lorne Martin: From our perspective, crop insurance has probably always been the mainstay of our safety net programming. We've really tried to do a good job of listening to what is needed and further develop it. I think that has been a big factor. Keep it affordable, keep it so that you have individual productivity indexes, so that it's dealing with the issues of individual producers, and that kind of thing.

As to whether it should be a model for a national program, I would probably say no, because of the fact that each individual province has its own issues. It comes back to the flexibility issue. I think each province needs to design a program that's going to work for them, and they have to do that on their own—watching the other provinces, of course, in terms of the kinds of innovations they're doing, and that kind of thing. But they still have to do it on their own, as a basis for how it's going to serve their producers.

• (1425)

The Chair: I know David wants to follow up, but if I buy house insurance, I can insure the entire value of my house. Should we have 100% crop insurance levels, at the appropriate premium?

Mr. David Rolfe: The issue then becomes a trade issue and an affordability issue of making the program actuarially sound; that becomes an issue. Most producers would jump at the chance for 100% crop insurance.

The comment I wanted to make about moving to a national model is that I agree with Lorne: it would be very difficult to do, and I think we need that regional flexibility in the programming.

The other point I want to make too is that I'm a little afraid moving into livestock production insurance is going to dilute the efforts of crop production. It's going to be very difficult, I believe, under the proposals we've seen, to provide adequate livestock insurance under the production insurance envelope. I believe the coverage that's being offered will not be adequate.

I think we need to investigate other methods of providing that level of coverage for the livestock industry.

The Chair: I want to thank all of you for your presentations today. It will help us in determining our report back to the House of Commons on APF and where we go in the future.

With that, we're going to suspend for five minutes. We're going to ask the witnesses to quickly leave the table so that the next group of witnesses can come forward.

• (1425) _____ (Pause) _____

• (1435)

The Chair: Okay, we're back in session.

We only have an hour for this session. I ask the committee how they wish to proceed. Do we want to continue with questions at five-minute intervals—we're not going to make it all the way around after we have presentations—or do you want to have one round of seven minutes?

Mr. David Anderson: We should stay on five minutes.

The Chair: Okay, we'll stay on five, just with the understanding that we're not going to make it all the way around the table.

We welcome to the table for this part of it, Cynthia Edwards and Greg Bruce, from Ducks Unlimited. Their headquarters are right here in Selkirk, down in Oak Hammock Marsh. We also welcome Alternate Land Use Services, and Bob Sopuck and Ian Wishart are going to speak on ALUS. And from the Consumer Interest Alliance, we have Jennifer Hillard and Florence Watson. Welcome, both of you, to the table.

I ask that all of you keep your presentations per organization to 10 minutes or less. We'd really appreciate that because of our tight timeframe here.

Cynthia, you're on first.

Ms. Cynthia Edwards (National Manager, Industry and Government Relations, Ducks Unlimited Canada): Thank you very much for the opportunity to appear and be able to present Ducks Unlimited Canada's thoughts on the next generation of agricultural policy in Canada. We believe that an increased emphasis on our natural capital in agricultural areas can help improve the overall sustainability of this very important industry.

Ducks Unlimited Canada is a private non-profit organization dedicated to the conservation, restoration, and management of Canada's wetlands and upland habitats to benefit waterfowl, other wildlife, and people.

For almost 70 years we've been working with agricultural producers to increase the provision of waterfowl-friendly areas on lands they own and manage. We've delivered programs in conjunction with partners, including incentives to landowners through leases, conservation easements, incentive payments to convert marginal cropland to forage, and programs to entice producers to grow winter wheat. We've also conducted several pilot projects focused on utilizing the tax system to provide incentives to conserve natural areas.

Our natural capital includes our resources, ecosystems, land, and water and is as crucial to the wealth of this country as our human and productive capital are. The value of this capital is based on the quantity and quality of the ecological goods and services that flow from it. Examples of the "goods" are well known and include timber and agricultural commodities. The "services", however, are extremely complex, are essential in supporting life, and are not easily replaced when lost. These include water purification, erosion control, mitigation of greenhouse gases, and protection from flooding events. We've been working to better understand the environmental and economic value of our natural capital and the goods and services it provides, including looking at carbon sequestration, the impact of wetlands on water quality and quantity, and on the environmental and economic benefits of forage conversion.

Many of the areas used for agriculture are also important to waterfowl and have thus been the focus of many of our programs in the past, and it is why we have a vested interest in the future of agricultural policy in Canada. Anyone who has spent time in the agriculture industry knows that certain activities have negatively impacted our water, fish, and wildlife resources.

However, my focus today is not to highlight those negative things but to focus on the positive environmental benefits that landowners provide, including clean air and water and wildlife habitat. But these producers are currently undercompensated for the provision of goods and services. By improving the linkage between the services that producers provide to the public and the public themselves, the provision of these services and the economic return to producers can increase. As we come to the end of the current agricultural policy framework and embark on the next generation, Ducks Unlimited Canada has developed several recommendations that we've submitted to this committee and to MPs previously.

The first is to have the recognition of environmental benefits fully entrenched in agricultural policy in the future. The national farm stewardship program should be enhanced and expanded to provide even greater environmental benefits and to move the policy discussion from focusing on the risks agriculture poses to increasing the benefits it provides. Although this is unlikely to “save the family farm”, it could provide a diversified revenue stream through expansion into carbon credit markets and through incentives for the provision of public goods. We encourage the government to develop fiscally responsible incentives based on measurable environmental benefits. The development of a national ecological goods and services program or policy founded on these principles will ensure it is effective, affordable, and sustainable, and we would be willing to assist Agriculture Canada in developing that framework.

Our second recommendation is to enhance the Greencover Canada program, which currently provides a broad suite of environmental benefits, such as greenhouse gas emissions reductions and improvements in the habitat available for fish and wildlife. However, as currently designed, only a small proportion of the acres under greencover has gone into priority waterfowl areas. The establishment of this perennial cover will help producers lower their input costs on cropland through reduced herbicide and fertilizer inputs and reduced machinery operating costs. From Ducks Unlimited Canada's perspective, expanding the program to two million acres in the Prairies over the next five years would significantly help to address the needs of waterfowl and other wildlife while providing direct benefits to producers.

• (1440)

Our final recommendation is that Agriculture and Agri-Food Canada, along with provincial and territorial governments, continue to promote wetland restoration through enhanced or preferential funding of it as an eligible activity within the current national farm stewardship program. Recognizing the contribution that landowners make when we're restoring wetlands will help ensure that these valuable areas are both restored and then retained on the landscape.

We've been encouraging our members and partners to provide input to the discussions on the next generation of agricultural policy, and we believe that the integration of the concept of ecological goods and services is integral to advancing the sustainability of the industry in Canada. The conservation of natural areas, and wetlands in particular, should be part of this new approach. The ecological goods and services concept recognizes the role that agriculture plays in society and is an area where more emphasis and research is needed. Our contribution to this research can help provide new opportunities for producers while improving the health of our environment, to the benefit of all Canadians.

To provide an example, we need only stroll down the pier to consider the Lake Winnipeg situation. This lake supports a commercial fishery that has an average annual landed value of over \$20 million. It provides recreation and tourism opportunities and is host to sporting events and festivals. The Lake Winnipeg stewardship report notes that the lake also appears to be the most eutrophic among the world's 10 largest lakes, largely due to the enrichment of phosphorous and nitrogen. Because wetlands provide significant water filtration and flood attenuation, ongoing wetland loss in the

watershed will only exacerbate the water quality deterioration. Agricultural policy designed to retain and restore wetlands could conceivably have profound benefits to the health of Lake Winnipeg and all of those who depend on it.

The Canadian government and Canadians in general have an opportunity to consider a new vision for agriculture. We have a choice. We can continue with the status quo or we can capitalize on the inherent wealth in our agricultural landscapes. We need to recognize the value of our natural capital and take a strategic approach to building on the assets we have. An effective ecological goods and services policy that recognizes and rewards the contribution of producers is an important component of an integrated strategy for the next generation. A focus on natural capital and the goods and services it provides can help diversify income, increase agricultural sustainability, and improve the quality of life for all Canadians.

I thank you for the opportunity to present our thoughts to this committee, and I welcome any and all questions you have.

Thank you.

The Chair: Thank you.

Cynthia, you live on a farm?

Ms. Cynthia Edwards: Yes, I do.

The Chair: In Saskatchewan?

Ms. Cynthia Edwards: In Saskatchewan.

The Chair: You didn't clarify that at the beginning. I thought you would.

Ms. Cynthia Edwards: Sorry.

The Chair: No, that's all right.

Mr. Sopuck, you're on for ALUS.

Mr. Bob Sopuck (Vice-President, Delta Waterfowl Foundation, Alternative Land Use Services): Thank you. Our presentation will be joint with Ian Wishart from Keystone Agricultural Producers.

On behalf the Delta Waterfowl Foundation and Keystone Agricultural Producers, I would like to thank the standing committee for this opportunity to present the concept of ALUS.

It may seem a bit unusual for a conservation group to be asked to present what is essentially an agricultural policy proposal, but there are some very important environmental challenges on the agricultural landscape, not the least of which is how to design a program that both provides solutions to difficult environmental problems while at the same time respecting the rights of landowners and recognizing the requirement to foster an economically sustainable agriculture.

Canadian farmers face many economic challenges, but they are also facing an emerging environmental agenda. An urban-based electorate is demanding new products, often referred to as ecological goods and services, such as cleaner water, flood control, water storage, clean air, wildlife, and pastoral landscapes from farmers.

The alternative land use services proposal is based on the concept of paying agricultural producers for providing environmental benefits to the public by conserving and enhancing the public environmental resources on private land. ALUS integrates the environmental demands of Canadians into the mainstream of agriculture in a non-regulatory manner. ALUS would deliver environmental benefits. It is non-trade distorting, farmer friendly, and it would be attractive to both rural and urban citizens. After all, whether they realize it or not, most Canadians live in the agricultural regions of Canada.

It must be emphasized that Canada is one of the few industrialized countries without such a program. Canada's main trading partners, most notably the United States and the European Union, have significant EG and S incentive programs for their producers. Indeed the lack of such a program in Canada puts our producers at a competitive disadvantage relative to our trading partners.

ALUS is the first incentive-based national conservation proposal to be developed by the farming and ranching community in Canada. ALUS recognizes the role of producers as good environmental stewards and encourages them to enhance environmental benefits for all Canadians from private farm and ranchlands.

There have been two traditional approaches to environmental conservation on private farmlands, namely regulations and/or land purchase. Neither of these policy options has been particularly effective. Examples of failed regulatory programs include the Species at Risk Act and the increased enforcement of the habitat provisions of the Fisheries Act. Both are costly programs that have failed to deliver environmental results. They have only served to alienate rural communities and impose unnecessary costs on producers. ALUS is an alternative to promulgating environmental regulations beyond reasonable baseline levels.

The assumption behind land purchase programs is that somehow we need to eliminate the private landowner in order to generate environmental benefits. While land purchase may have a place on a small scale, it is evident that widespread land purchase by conservation agencies cannot deliver real results on a large scale. You simply cannot buy enough land.

Land purchase programs also compete with the land requirements of existing producers and their families. The restriction on land purchases by conservation groups that was in place in Saskatchewan for five years is a recent example. ALUS incentives would be provided by the beneficiaries of environmental services and include all Canadians with a stake in a healthy environment.

ALUS is proposed because conservation experience has shown that environmental regulations and land purchase are less effective and more costly over the long term than incentive-based approaches to derive environmental benefits from agricultural landscapes.

Mr. Wishart.

• (1445)

Mr. Ian Wishart (Vice-President, Keystone Agricultural Producers, Alternative Land Use Services): Thank you very much, and thank you, Mr. Chair and committee members, for the opportunity to speak to you.

ALUS differs from other environmental programs in three fundamental ways. First, it is a farmer-driven environmental incentive program. The ALUS concept was initiated by Keystone Agricultural Producers of Manitoba with assistance from Delta Waterfowl Foundation. ALUS is now a policy with most producer groups across Canada.

Secondly, ALUS differs because it will be delivered by existing agricultural organizations and institutions, which are well positioned to carry out this role. For example, crop insurance agencies are trusted by producers, and have the people and the technical ability already on the ground to monitor a fully accountable program.

Third, ALUS is vastly different from conservation programs delivered by government and by urban-based conservation NGOs because ALUS uses a landscape-based, whole-farm, rural-community approach. Basically, it's a working landscape. In short, ALUS is different and better because it invests public sector resources in the capacity of the people who live on the land and live in rural communities to deliver landscape conservation.

ALUS should be the environmental policy flagship for the next stage of agriculture policy framework because it fits so well with current agricultural and environmental programs undertaken by a wide range of organizations in government and the private sector. For example, ALUS will build on the benefits of the environmental farm plan process; add incentives to protect natural assets, biodiversity, species at risk, and fish habitat; and promote carbon sequestration and clean air benefits as well as water quality in communities.

ALUS encourages the active participation of farmers and ranchers in conserving the environment and producing more environmental benefits. ALUS is designed to mobilize producers as conservationists, changing the way they think about the environment and recognizing the vital role of producers, and providing Canadians with quality products: crops, livestock, and a new third "crop"—environmental benefits.

ALUS is Canada's fastest-growing grassroots landscape conservation policy initiative. The concept has been adopted as official policy for the Canadian Federation of Agriculture, and in fact was recently endorsed by the Canadian Cattlemen's Association's environment committee and is actively promoted by several provincial producer organizations.

To date, a groundswell of grassroots support for ALUS includes farming and ranching organizations at every level across this country, and a wide range of conservation organizations and governments. Municipal governments in several jurisdictions have promised and delivered financial support for implementing ALUS. In fact, that makes our conservation program unique, in that it has full engagement, in most cases, of our municipal—third level—government.

ALUS has also received widespread support in the farm, conservation, and general media. ALUS pilot projects have been proposed to test the ALUS concept in Ontario, Manitoba, Prince Edward Island, Alberta, and Saskatchewan. Pilot projects have attracted a wide range of partners who stand ready to invest hundreds of thousands of dollars as matching funds for testing the ALUS concept in these jurisdictions. Manitoba has a fully funded ALUS pilot project in which the federal government is a partner, but ALUS projects in Ontario, Alberta, and Saskatchewan have not yet been successful in attracting federal dollars.

The results of the ALUS pilot project in the rural municipality of Blanshard, Manitoba, have been compelling. Over 70% of the producers in the region have enrolled lands in the pilot project—lands of vital interest to society, including wetlands, woodlands, riparian areas, plus fragile and erodible lands. Almost 22,000 acres have been enrolled in the first eight months of the pilot project, far surpassing our original predictions.

The pilot has also shown that Manitoba Agricultural Services Corporation, formally known as Manitoba Crop Insurance Corporation, has the capability to administer a transparent, verifiable, and accountable program with minimal additional costs.

It must be noted that Blanshard is in the Lake Winnipeg watershed, a watershed which contains vast amounts of private agricultural land. The problems of Lake Winnipeg are well known, and an incentive-based conservation program on the agricultural landscape will contribute significantly to the health of Lake Winnipeg.

• (1450)

Mr. Bob Sopuck: The cost-effectiveness of ALUS was recently explored by leading agricultural economists Edward and Allen Tychniewicz. The authors concluded that ALUS would cost in the order of \$740 million per year to fully implement across Canada and would deliver approximately \$820 million per annum of potential benefits to society, plus generate additional benefits of at least \$61 million per year in avoided costs.

ALUS pilot projects in Manitoba and Ontario have indicated an unprecedented interest by producers in participating in a farmer-developed and community-delivered conservation concept. Lessons learned in Ontario and Manitoba show ALUS is broadly supported as an environmental solution by producers and that farmers in rural communities do have the knowledge and commitment to deliver a fully accountable landscape conservation program.

The Chair: Can you slow down just a bit, Bob, for the translators?

Mr. Bob Sopuck: Okay.

The Chair: Thank you.

Mr. Bob Sopuck: I'm conscious of the time constraints, Mr. Chair.

The Chair: It's not a race. I'll cut you off at ten minutes.

Mr. Bob Sopuck: Okay. Having done this in a previous life, I am very conscious of time.

Our farm group partners and the Delta Water Fowl Foundation recommend that all parties in the House of Commons support the

ALUS concept; second, that ALUS pilot projects be funded by the Government of Canada; third, that the Government of Canada direct key staff in the relevant departments to work with farm and producer groups to develop and implement ALUS; and fourth, that the Government of Canada work towards the implementation of a national landscape conservation program for Canada as part of the next generation of Canadian agricultural policy.

Thank you.

The Chair: Thank you, Mr. Sopuck.

We'll go to Ms. Hillard, please.

Ms. Jennifer Hillard (Research Director, Consumer Interest Alliance Inc.): Thank you, Mr. Bezan.

My name is Jennifer Hillard, and I'm the research director for the Consumer Interest Alliance, which is actually a fancy title for a volunteer job with a lot of work. I have another member with me, Florence Watson, who is also from Winnipeg.

I'd really like to thank all the members for coming to our wonderful province and letting us present to you without having to travel to Ottawa. It's a huge advantage.

The Consumer Interest Alliance Incorporated—we call ourselves CIAI—is a national, member-based, volunteer organization, and we work primarily in the areas of food and agriculture, financial services, and standards. Our objective is to represent the long-term interests of Canadian consumers based on science and research. We operate primarily through participation in consultative processes. We don't picket, boycott, or operate in an advocacy mode.

The first point we would like to raise is that we're disappointed in the failure of Agriculture Canada to specifically include consumers as stakeholders in this round of the APF consultations. In the consultations for APF I, we were a significant stakeholder throughout, and this time we haven't been invited to meetings. We've had to push ourselves forward, and I think that's a shame, because we are part of the market chain.

A statement was made this morning by Mr. Steckle that suggested that consumers and producers are not on the same side. That always disappoints me, because in my opinion, consumers and producers are at the two ends of the market chain, and we're both victims. We're victims of a processor-distributor-retailer chain that is heavily vertically integrated, and the system has failed to maintain adequate competition for an effective and fair marketplace.

Another point raised this morning by the gentleman from the Manitoba Pork Council was that consumers should be paying more for products in the grocery store. I maybe don't disagree with that, but that's not going to help producers. If you look at the price spread, a decrease in farmer pricing doesn't result in a decrease in consumer price, and an increase in consumer price doesn't result in an increase in producer price. It gets gobbled up in the chain in between, and the system has to find a way to fix that.

There are two areas of the APF that are of particular interest to CIAI. We've slipped into the environment area, but we would like to comment on environment, food safety and quality, innovation and science, and market development and trade. It's a fairly short presentation, despite its spread.

CIAI is not an environmental group. We limit our involvement in environmental issues. We believe that there are lots of active NGOs out there. Basically, we are a consumer group. However, we don't believe that the picture being presented to the public of the agricultural impact on the environment is necessarily supported by the facts. Most producers are good stewards of the land—it is their capital, and it makes good business sense for them to take care of it.

Unfortunately, it's not as easy a sector on which to report back on environmental activities as heavy industry, which measures imports and measures releases into the atmosphere. It's much more difficult for the agricultural sector to do that.

APF I created some great opportunities for agriculture through the environment pillar, particularly the environmental farm planning systems. This opened doors to ways of collecting some aggregated data that would support claims of good stewardship. Unfortunately, the provincial programs that are operating EFP programs are currently in a state of limbo. Nobody knows whether they're going to continue beyond March of next year. At a time when we would like to be reviewing these programs, taking the next step, and maybe putting a little more rigour into them, we are working on wind-down plans. I would like to urge this committee to maintain some continuity in these programs in APF II so they can continue to grow and deliver better possibilities for actually measuring continual improvements in the sector, rather than just give a snapshot of what agriculture's activities are in the environmental area.

Moving on to food safety and quality, this is obviously a key area of interest and concern for a group that represents consumer interests. We would like to begin by saying that we believe that Canada's agricultural sector produces food that is of very high quality and that Canada has a good mix of regulatory and voluntary systems that should ensure wonderful food safety. We support wholeheartedly the concept of branding Canada. We don't think Canadians pat themselves on the back as frequently as we should. However, there are some weaknesses in the enforcement system that are actually undermining confidence in the system and making it difficult for consumers to acquire the knowledge they need to make informed decisions.

● (1455)

In many cases, we have not adopted Codex standards for the composition of food; yogourt is a prime example. In other cases, we have compositional standards, but processors are ignoring them and the CFIA is failing to enforce; cheese is a prime example of this.

CIAI fully supports the concept of quality being an issue for the industry and an area where competition and the marketplace should drive improvements. However, compositional standards of processed food can affect the nutritional quality. Some of these are important food items, and destroying their nutritional quality has long-term negative impacts on the health of Canadians.

During a recent CIAI study on cheese standards, one focus group member said this problem is contributing to our population being "overfed and undernourished".

At the retail level, the lack of competition is creating problems with getting new, innovative, and local products onto the shelves of the majority of grocery stores. This is driving more and more consumers to farmers' markets and other forms of direct buying. Much of the food sold this way has bypassed the food safety regulatory systems that the government has put in place to protect Canadians, and while voluntary on-farm food safety programs are generally wonderful for taking food safety protection back beyond the gate, we're not convinced that they're adequate without the regulatory layer.

CIAI would like to see the food quality and safety section of the next APF address the issue of enforcement of existing standards, including more efforts to harmonize with some of our major trading partners on standards, regulations, and enforcement systems where such harmonization of standards maintains protection of Canadians and does not result in settling for the lowest common denominator.

In the area of innovation and science, science is moving very fast, and the food and agricultural sector is very innovative. Functional foods and nutraceuticals, biotechnology, and nanotechnology are all moving at lightning speed.

CIAI has two key areas of concern relating to the new technologies. First, can accurate, science-based consumer information be disseminated in a way that enables Canadian consumers to reap any benefits available through informed choice? Informed choice is one of the WTO's internationally recognized consumer rights. The second question is, can the regulatory system keep pace with science, both to ensure adequate protection of consumers and to enable industry innovation?

CIAI believes that poorly presented information, failure to identify realistic and appropriate consumer benefits, and a paternalistic attitude taken by government and industry with regard to the science opened the door for misinformation and scare tactics relating to food and agricultural applications of biotechnology.

Add to that the failure of government to recognize that there were issues of ethics involved that went beyond science, and the inability of the regulatory system to adapt fast enough to handle a new technology, and we ended up with almost an international consumer revolt against "GE food" that is hindering applications that may offer consumer benefits.

We had an example of that raised this morning, with the issue of trying to register a high-phytate barley, which is stuck under the novel food regulations that were put in place to protect consumers from biotechnology.

CIAI is concerned that the fast-growing area of nanotechnology should be handled differently. We hope this committee will consider ways of addressing commercialization and regulation of this technology and any other new technologies in APF II, so that Canadian consumers can access the possible benefits of these technologies.

The last item we'd like to touch on is market development and trade. We believe that consumers should benefit from freer trade through access to a greater variety of product choices and more marketplace competition. We do not believe that Canadian consumers are reaping the benefits expected under NAFTA, particularly in the area of food and agriculture. Some of the regulatory systems of Canada and the U.S. could, in our opinion, move much faster towards harmonization without having a negative impact on the health of Canadians or the environment, and with a positive impact on the Canadian economy.

Agricultural inputs, both pesticides and veterinary drugs, are put through very thorough and high-cost processes on both sides of the border; however, the size of the Canadian market limits the number of products that are prepared to go through our system. This often prevents producer access to newer and better products with fewer negative impacts, while not preventing those that would not pass the Canadian system from showing up in imported food. This does nothing to benefit consumers and prevents Canadian import products from competing on a level playing field.

• (1500)

CIAI would like to see APF II support more harmonization in areas where there is a net benefit to Canadian consumers and the Canadian economy.

In an effort to circumvent the processor-distributor-retailer monopoly in the agrifood sector, much work had been done in the name of "value chains". We don't believe a lot of this work is truly "value chain", as it fails to recognize that it must result in something of value to the consumer, who is also part of that chain. Too often the thrust is to see what can be developed, and then see if they can market it to consumers.

CIAI believes that the true value chain would identify consumer needs and then seek to create products that fill those needs. And we'd like to see APF II continue support for value chains, provided they really are truly a value chain.

Finally, on the whole, we believe that regulations should be science-based, not political science-based. We agree with you on that one. But it's also incredibly important that they be integrated, that in terms of what's going on in Health Canada and in Environment Canada and Agriculture Canada, when it comes to these regulations, everybody needs to know what everybody else is doing.

Thank you very much for your time.

• (1505)

The Chair: Thank you.

If you will keep it brief, we'll get around as much as possible.

Mr. Easter.

Hon. Wayne Easter: Thank you, Jennifer.

I note our interpreter is breaking into a sweat back there.

The Chair: Way to go.

Hon. Wayne Easter: I do have a specific question to the group representing ALUS, but I might say it is really good to hear from a consumer perspective that's supportive. We may disagree on some points, but you seem to have a lot of respect for the industry and a great deal of understanding. Jennifer and Florence, I want to just say that to you, because what we read from some of the national press and the overview that they give in the *Globe and Mail*, *National Post*, CTV, and CBC is nothing but basically a clear lack of understanding of the farming community. I just want to say that in the beginning.

I have a specific question to you, Bob. You mentioned in one of your last points that you should be funded by the Government of Canada. How, specifically, do you see ALUS being funded by the Government of Canada?

And to anyone else, really, one of the things that we have heard a fair bit over the last number of years is that we do have to find a way on carbon sinks. Does anyone have a plan on how you get paid for carbon sinks? I think there's a general attitude, at least from the farm sector, that if we're going to do all this stuff on the farm sector for the public good—providing public services, public goods, landscapes, clean air, carbon sinks, environment—then there has to be a way of that being another commodity, really, that farmers should receive some economic benefit for.

But the key first: how do you expect this crew over there to fund ALUS?

The Chair: Mr. Sopuck.

Mr. Bob Sopuck: Thank you, Mr. Easter.

I firmly believe that the easy way is the best way, at least as a way to start.

I certainly agree wholeheartedly with your point that those public goods that are produced on private land that currently have no market and there is no potential for a market in them and the benefits wholly accrue to the public at large, the public at large, through taxes, should support.

This is the way all other countries do these kinds of programs, including the U.S. And these kinds of programs are part of the U.S. Farm Bill to the tune, right now, of \$5 billion per year.

It is our strong view that there are a number of programs that are currently within the Government of Canada and have been there a long time—so I'll get by the issue of partisanship immediately, they've been there for a long time—are not effective and do not deliver environmental results and only serve to alienate rural communities.

I'll be quite specific now. The Species at Risk Act, for example—I think the budget for that is to the tune of \$100 million per year, and it's on the agricultural landscape where the Species at Risk Act could and might have the greatest effect. Right now the effect of the current Species at Risk Act, through the regulatory approach, is making landowners very fearful about seeing one of those species on their land.

I think that's an appalling state of affairs. It would be much better for landowners to welcome endangered species on their land. So a redirection of the roughly \$100 million that is now being spent on the Species at Risk Act I think could really work.

There are a number of lake cleanup programs, like for Lake Winnipeg and Lake Simcoe, and so on, areas in an agricultural watershed. Those could directly go to farmer payments.

The Tyrczniewicz report estimates a reduction of \$61 million in current government payments. That could be directed to farmer payments.

Concerning the current green cover program under a portion of the current environmental pillar of the APF, our estimate is around \$78 million. That could be directed to a farmer payment program.

And indeed, under Sustainable Development Technology Canada, there are a number of infrastructure programs designed to help with the provision of clean water. By cleaning water upstream, you don't need water treatment plants. Our estimate is that there is potentially \$20 million there.

Our estimate is that there is currently now between \$800 million and \$900 million of existing environmental expenditures on the agricultural landscape that could be better directed at providing producers with incentives to deliver environmental services.

• (1510)

The Chair: Are you done, Mr. Easter?

Hon. Wayne Easter: No, but I'll give up my time at the end.

The Chair: Okay.

[Translation]

Mr. Gaudet, you have five minutes.

Mr. Roger Gaudet: Thank you, Mr. Chairman.

I am only familiar with one of the three associations here; I'm talking about Ducks Unlimited Canada, which also exists in my part of the country, and is associated with the Sylvestre family in Berthier.

I only have one question and I would like all three witnesses to answer it. What kind of relationship do you have with farmers? I will start with Ms. Edwards, followed by Mr. Sopuck and Ms. Hillard.

[English]

Ms. Cynthia Edwards: At Ducks Unlimited Canada, we have a cooperative relationship with producers. We currently have some form of agreement or working relationship with more than 17,000 producers across Canada. And we continue to expand that through things like winter wheat programs, range land extension, and working more cooperatively on issues like agricultural policy.

The Chair: Ian.

Mr. Ian Wishart: I'll respond on behalf of the ALUS initiative.

We are producers. Every one of us who supported this program, who worked on the development, went home, and farmed at night. We're representing all the farm organizations across Canada. All the provincial ones have signed onto this through CFA. There are a

number of commodity group interests, including the Canadian Cattlemen's Association.

I couldn't put a solid number to it, but I would say that almost every farm organization in Canada, and almost every farmer, through them, supports this approach.

We see this as a far more workable approach, one that gives a direct signal to the farmer. As such, we think it's the way to go.

The Chair: Jenny.

Ms. Jennifer Hillard: We try to work cooperatively with the producers whenever we can. We don't always agree on everything. We have an agreement to disagree on issues around some of the marketing systems and supply management. But in a lot of the other areas, we try to work with farmers.

In Manitoba, I sit on the farm stewardship board that does environmental farm plans and on the Manitoba Rural Adaptation Council, which gives out the ACAAF funding in Manitoba, both of which require a representative of a consumer organization. I sit on a number of agriculture committees federally, as do other members of our organization, to bring the consumer voice. And I think on the whole, we get along quite well.

[Translation]

Mr. Roger Gaudet: If things are working well, then keep up the good work.

Thank you very much, I have no further questions.

[English]

The Chair: Mr. Anderson.

Mr. David Anderson: I have one question. I think Mr. Miller has a couple.

I've looked at the environmental activities that have been taking place and I'm seeing two different streams. One of them seems to be that groups will take donations, tax money, and then they'll come in and buy land in areas and take it out of production, either put easements on it or buy it themselves. The other one seems to be the idea you were talking about today, the farmer-supported services to society.

I'd like you to tell me, both of you, where you see yourselves on that spectrum. And what are the benefits of the two systems, the two ends of...? I think those things happen in my riding, so I'm interested in your perspective on that.

The Chair: Ms. Edwards.

Ms. Cynthia Edwards: Traditionally, Ducks Unlimited Canada would be seen more toward the end of the spectrum, using longer-term securement including land purchases to help meet our habitat and waterfowl objectives.

Over the last few years, we have successfully moved more toward easements, which still enable more annual use of agricultural lands, wherein we only purchase a certain bundle of rights from the landowner for agreeing not to break up or drain natural areas on that property.

We manage the lands we own. We manage them for wildlife, as a first priority, but we use grazing or haying of those lands on about a five-year rotation to keep up the stand vigour. So they are in agricultural use once every five years on average across the prairies, depending on where you are.

Over the last 10 or 15 years, we've moved more toward working extensively with landowners on range land extension. We've invested in winter wheat, which provides nesting cover for waterfowl, and we've moved more into the policy area, working cooperatively with landowners on things like beneficial management practices, group farm plans, and working to the joint benefit of waterfowl conservation, in our case, and the producer sustainability on the landscape.

So I think we've seen a shift.

• (1515)

The Chair: Mr. Sopuck.

Mr. Bob Sopuck: It's our strong view, Mr. Anderson, that you will get more and better conservation if you develop conservation programs that are in tune with the culture of agriculture and the culture of rural communities. That is why I as a representative of a conservation group am sitting beside the vice-president of Keystone Agricultural Producers. Often Ian and I travel across the country together and give presentations like this.

That has sent a very strong message to other rural communities across Canada, and they are coming on board the ALUS bandwagon very rapidly. Indeed, in Saskatchewan 21 rural municipalities proposed that ALUS pilot projects be done in their municipalities. In Manitoba, for example, the rural municipality of Blanshard is a traditional prairie agricultural municipality, and we have a councillor here with us, Mr. Roy Greer. That council voted on \$40,000 per year to put into the ALUS pilot project in their communities.

I think that producers and rural communities have been waiting for conservation and environment programs to come along where they have a say. They design the program and they deliver it. These are not empty words, Mr. Chairman. For our ALUS pilot project in the rural municipality of Blanshard, 75% of the farmers have enrolled in the program.

Our preliminary evaluation shows a very positive result, because when farmers make their own decisions about their land, what they end up with is every single acre is now making money for them. They use these kinds of programs, like ALUS, to optimize their farms and it's a win-win for everybody.

The Chair: Mr. Miller.

Mr. Larry Miller: I think a couple of points need to be made here.

Ms. Hillard, you made a comment that you weren't invited to be part of the process, and that's unfortunate. I'm glad you're here. But something that I think your group has to remember, and it needs to be pointed out by industry, is that we have a cheap food policy in this country that's basically come about mostly because of consumer groups like you.

We have the lowest percentage of disposable income spent on food of any well-to-do country in the world, and it's dropping. It's

going down as we speak. I always use the example of potatoes or eggs and the price of them. I don't know how the producers who produce them can sell them for that when you figure what meals you get out of them.

So I think that price to a group like yours should be secondary to a safe and abundant food supply. I think groups like you have an obligation to the people you represent and to the people from whom you basically get your products, which are the agricultural producers, to help and promote—eat Canadian, because it's safe, it is abundant, and we want to keep it that way. If we keep going on the road we're headed on, it isn't going to be either. So I think you have to help the industry sell that message.

Another thing, Mr. Sopuck—

The Chair: Very quickly, Mr. Miller.

Mr. Larry Miller: On the species at risk, I support 100% what you're trying to do, but one problem.... I'll use my own riding. The loggerhead shrike is on the species at risk list. That is not native to my area at all, but special interest groups have got it on the list and they're trying to expand it into my area. I don't have a problem with that, except they want me or the producer and everybody else I represent to pay for it. There are flaws in the system, and we need to correct some of them. So I hope you remember that kind of thing.

The Chair: Ms. Hillard—it's like question period, 30 seconds or less.

Ms. Jennifer Hillard: I'd just like to respond. I don't disagree with anything you've said whatsoever. It's just that the way the marketplace is set up in Canada right now, there really isn't anything we can do except try to work through genuine value chains and through small stores.

The vertical integration in the market chain between the producers and the consumers is such that.... Look at what happened during the BSE crisis. Beef prices to the farmer went down like that, and if anything, the consumer ones went up. You watch the pork prices. We have to find a way of dealing with the marketplace.

Yes, I agree with you, we have wonderful, safe, high-quality, cheap food, but if you put the price up to us, it's not going to go to the producer. And when you find ways around the system such as farmers' markets, then you run risks, because you bypass the system, but you also bypass the food safety system in a lot of cases. So we tend to hold back on supporting that type of enterprise.

• (1520)

The Chair: Thank you very much.

We're out of time, Mr. Miller.

Mr. Atamanenko.

Mr. Alex Atamanenko: I'd like to pursue that, Ms. Hillard, if I may.

You mentioned food safety, quality, and branding Canada, and gave the example of cheese. I'd like to know what you meant by that.

Ms. Jennifer Hillard: The Dairy Farmers of Canada actually contracted us last year to do focus groups with consumers to find out what they knew about and how they felt about compositional standards for cheese. That of course involved doing a lot of basic research ourselves.

We were absolutely horrified to find that most of the cheese currently on Canadian shelves is not actually cheese, according to the standards that fall under the Food and Drugs Act. It is made with modified milk ingredients, which are not allowed under the Food and Drugs Act. That is contrary to the U.S., where they enforce their compositional standards very strongly and post their enforcement decisions online. They said, "We'll shut Kraft down in seven states until they either change their label, call it something other than cheese, or meet the Codex standards."

That's not being done; it's not being enforced by the CFIA. They're allowing CAPA to take precedence over the Food and Drugs Act and throwing compositional standards in as a quality issue, whereas for us it's a nutrition issue.

One of the points that came out very strongly from this research was that the Canada Food Guide says to eat two slices of processed cheese to replace a glass of milk. We found that you actually needed five and a half slices of processed cheese to replace a glass of milk, and your calories went from 115 to 285. If that's not having a long-term impact on Canadian health....

That's just scratching the surface. We have no Codex standards for yogurt. Ice cream doesn't usually meet the Codex standards. We haven't done a lot of research in other areas, but that's the thin edge of the wedge where the CFIA is not enforcing the way it should.

Mr. Alex Atamanenko: I would like to pursue the idea of standards in food quality, safety, and harmonization, which you talked about.

In some of the areas I represent we have very small farmers who sell at farmers markets. Until September 30 of this year, farmers can slaughter a couple of animals and sell them—usually organically grown lamb and beef. This will be stopped because in British Columbia we now have rules through CFIA, due to pressure internationally and nationally, that all slaughterhouse facilities must have inspectors, whether they are mobile, small, or large.

A lot of people are saying this food is probably safer than any food you get out of the big plants, because most of the problems have come out of the big inspected plants. If we carry this further to farmers markets and say that everything sold in a farmers market needs to have some kind of approval, are we counteracting what we want to do here?

We have people in this country who are producing really good quality food. We have a lot of people going to farmers markets. I see a danger in what you're implying, because we will need to have more control, and that will then put these people out of business, as it is putting out of business the small beef and lamb producers in my area. Then we'll be moving more into the corporate world with those middlemen that we're all trying to fight against.

I'd just like to get your comments on that—and maybe those of somebody else.

Ms. Jennifer Hillard: Again it's a systemic problem. There is no way to move these innovative products from small producers through the system and into the grocery stores. You have to pay a fortune to get a new product into a decent spot in a grocery store.

The so-called organic or healthy stuff that the big grocery chains are labelling are all based on their own systems. They won't tell us their criteria for calling them organic or healthy. I'm pleased to see that the federal government has made some moves to control some of that, but again it's a systemic problem. You have the very big guys, and you have the little ones.

I applaud in some ways the concept of a farmers market, but I would never buy meat or dairy products from a farmers market. With unpasteurized apple juice, the government had to step in and make rules. People were actually dying because stuff was produced at home and then sold to the public.

The public is so unaware of some of the real issues around food safety. They don't realize how much food safety is in their own transportation, handling, and storage of food. If I knew they'd bring something home from the farmers market, cook it right away, and then freeze it.... But they bring it home from the farmers market, and maybe it wasn't stored quite like it should have been on the way there. They leave it in the trunk of the car until they get home, put it on the kitchen counter until they cook it, and you have an accident waiting to happen.

It's not good for any part of the Canadian food system if we have incidents of serious food infections, as they've had in a lot of other countries.

● (1525)

The Chair: Thank you. Your time has expired.

Mr. Hubbard, you have the last five minutes.

Hon. Charles Hubbard: I'm really pleased that you came, because it's good to hear the other side of the story and to see the people who are buying the product become part of the debate.

I know everyone says we probably have the cheapest food in the world in terms of G-8 countries, but I really question that sometimes. Would you agree that of the nations in the western world, Canada has the cheapest food for families?

Ms. Jennifer Hillard: As a consumer rep, the first thing I tend to do when I go places is go into grocery stores and check prices. Certainly in the U.S. I think some of the prices are lower. Some figures came out recently that actually said some countries in Europe—and the one that surprised me was the U.K.—actually spend less of their disposable income on food than we do.

Certainly our food is very affordable good-quality food. The stuff that tends to be expensive is the over-processed stuff that people are better not to be eating anyway. If you're looking at fruits and vegetables and meat, they compare very well with the rest of the world, especially in the food safety and quality that's built into them, and the environmental protection that you know is there when they're being grown.

Hon. Charles Hubbard: In your presentation you said the grocery industry in Canada is controlled by about a half dozen big companies.

Ms. Jennifer Hillard: It is maybe even fewer than that.

Hon. Charles Hubbard: Maybe even five?

Ms. Jennifer Hillard: Yes.

Hon. Charles Hubbard: How could we ever contend with that to offer a different system? In many rural areas, you know, small country stores have disappeared, because even the wholesalers want more for their product than they can get at the supermarkets. I know country stores that, instead of going to the wholesalers, go to the nearest Loblaws store to buy product to bring to their community to sell. One of the big problems we have in rural Canada is that so much of that infrastructure—the small shops, the amenities that people have had—has disappeared.

We haven't talked much about infrastructure, but a lot of infrastructure centres around groceries and small villages and communities that do have that type of... How can we ever deal with that?

Ms. Jennifer Hillard: I'm not sure if we can go backwards. The Competition Bureau, in my mind, has not managed to do what it was put in place to do. Not only do we have a few small companies, but they're vertically integrated; the same people who own the grocery store own the distribution system and the wholesale warehouses and the processors. They control what goes onto the shelves. As I said, it's a systemic problem, and it requires an integrated government approach to try to fix it.

I don't know what the answer is, but it's something that needs fixing.

Hon. Charles Hubbard: To get briefly to land use, when you have land or possession of land or control of land, it takes a lot of maintenance. I know Ducks Unlimited has a big budget; I'm not sure how big your budget is, but what's it going to cost each year to sustain and maintain control of the land you're involved with? Is it going to be sustainable, or do you want the federal government to bring \$50 million or \$20 million or \$10 million or \$5 million each year for you in order to do your work? Can you be self-sustaining?

Maybe Ducks Unlimited could answer first.

• (1530)

Ms. Cynthia Edwards: Yes, it is expensive. We pay taxes and have to maintain that land. We are not looking to the federal government to contribute to the maintenance of our existing properties in any way, shape, or form, but we do use local landowners. They utilize our lands every five years on average, as I mentioned before, and come in and hay or graze that for us. It provides a benefit to the producer and a benefit to us. We do generate some revenue from that hay or grazing in some cases, as well.

It is an expensive endeavour, but we feel there needs to be some land out there that's managed for wildlife as a first priority. There's not very much of it left. It's a small proportion of the landscape, and it provides a host of public benefits. We're willing to maintain those lands and we're committed to doing so.

The Chair: Go ahead, Mr. Sopuck.

Mr. Bob Sopuck: The Delta Waterfowl Foundation is very small. Our budget is about \$6 million a year, and we do not buy land. We simply do not buy land. It's our strong view that the kind of land on the agricultural landscape should remain in private ownership and that incentive-type programs should be utilized to reward producers for delivering environmental services to Canadians at large.

We think large-scale land purchases by conservation groups can disrupt rural economies. You only have to look at Saskatchewan for the intense opposition that has developed in the farm community to large-scale land purchases. The land is best left under the stewardship, care, and ownership of producers.

The Chair: Thank you, Mr. Hubbard. Your time is up.

I have just a quick supplemental, then, from Mr. Anderson on that.

Mr. David Anderson: I just want to ask, do your organizations take a position on permanent easements? I've had a concern about this. When these easements are put on, the land is taken out of production forever. Do you have a position on them?

Mr. Ian Wishart: Yes, we have a position on them. We do not support that approach.

We recognize landowner rights. We believe in landowner empowerment. Ultimately, if you want to have a real impact on the farm landscape in this country, you have to get producers to act on your behalf. We are the original conservationists, as farmers. We simply need the right signals given back to us. We've been many years, in fact, with the wrong signals put out there: maximize output at any cost, whether it's to society or the environment. We can change that approach, and I think our pilot project is a really good example of how easily we can change that approach and what type of buy-in—75% of the producers in a single year. We were told that was unachievable.

Mr. David Anderson: Do you support permanent easements, or are you moving away from that?

Ms. Cynthia Edwards: We do currently have a permanent easement program. They are voluntary, so the landowners are advised to speak to their lawyers, accountants, financial planners, etc. They're voluntary easements, but they are perpetual. And we've been very successful over the last several years, especially in a province like Saskatchewan where we've delivered easements with several hundred landowners over the last, probably, five years or so.

Mr. David Anderson: I have an issue with that, because I don't know about your organization, but I know of another organization that came in and put a number of those on when people were in really dire financial situations. That's when they showed up with the money for the easements, and the ranchers felt that they had no choice at the time but to go into them. I think we need to talk about that as a committee, whether we think that's a good idea or not for the rural areas.

The Chair: Thank you, Mr. Anderson.

I want to thank all the witnesses. It brought a different perspective to the table on APF, from land stewardship and consumer ideologies. I think that's great and we need to hear that.

We are going to suspend for only two minutes.

I ask that the current witnesses pull away from the table, and I'll call to the table Peter Watts, Karin Wittenberg, and Rob Brunell.

• (1530)

(Pause)

• (1535)

The Chair: We're back in session and continuing on with our afternoon.

I'm going to welcome to the table Dr. Karin Wittenberg, who's kind of in charge of the animal sciences at the University of Manitoba.

We also have, from Pulse Canada, Peter Watts and Greg Cherwyk—welcome to both of you; and from the Keystone Agricultural Producers' young farmers committee, the president, Rob Brunell. Rob was with us in Ottawa when we met with the young farmers about six weeks ago—it's good to see you here, Rob.

With that, I'll turn the microphone over to Dr. Wittenberg, and if you could keep it to ten minutes or less, we'd really appreciate that. People have planes to catch and we have to stay on schedule.

Ms. Karin Wittenberg (Associate, Faculty of Agricultural and Food Sciences, University of Manitoba): And I appreciate that it has probably been a long day already.

The Chair: That doesn't mean that you can speak faster.

Ms. Karin Wittenberg: Does that mean I've just lost 20 minutes?

Let me introduce myself. I am the associate dean of research for the Faculty of Agricultural and Food Sciences at the University of Manitoba. My background is certainly in animal science. I'm also a rural resident and hail from this part of Canada, the Interlake region. So I have a vested interest, most definitely, from a personal as well as a career perspective.

I'm going to start by saying that, fundamentally, when we're talking about agriculture, we're talking about the management of a terrestrial or land-based ecosystem to produce and generate income from commodities or value-added food, biofuel, or other non-food products. When we look at our structure, there are many situations—and you've heard of many already—where we have research or educational or policy and technology transfer institutions that maybe are not as integrated as they might be by definition.

I'm going to focus on three areas in which I think we can make a difference and on which I will maybe solicit some comment and

support. The first is a request to consider support—and this isn't always in the form of money, but also in terms of organizational structure and human resources—for long-term and multidisciplinary approaches to deal with the problems we have in the agrifood and agricultural sector.

We're dealing with a managed ecosystem, and we understand both the need to develop technologies and management practices that generate economic sustainability for all levels of the sector and also the need to deal with our environment, both to reduce risk with situations such as climate change as well as to ensure a high-quality sustainable environment. This is for two reasons, really. One is to ensure that our public is behind us, because without public support, anything we request or try to do is likely to fail. Second, there are real opportunities through the agrifood sector—you've already heard of some of them today—to enhance our environment. This is a strength that we have in Canada.

I'm not going to go through the length of the document, but I would like to say that you've heard about Lake Winnipeg and the many issues we in the province of Manitoba have at the watershed level relating, in part, to agricultural practices. You are also aware that central Canada or prairie Canada is going to be very vulnerable to changes that we might see in the future with respect to climate change. This is an area of opportunity from the perspective of new growth in the agriculture sector—maybe not so much on the food side, but certainly on the energy and the bio-product sides. We will very quickly see operations that are producing commodities for multiple purposes—and the standards for those commodities, depending on their purpose, may be quite different.

So we have complex issues to deal with, both from a social perspective and environmental perspective, as well as from a policy perspective when it comes to things like trade.

At the University of Manitoba, we've chosen to focus on a few areas. One of them is through the development of the National Centre for Livestock and the Environment. This centre brings together disciplines from many faculties, such as science, engineering, medicine, and agriculture and food sciences, for the purpose of identifying solutions and best management practices relating particularly to intensive animal agriculture.

This initiative has garnered a tremendous amount of support, about \$13.5 million from two levels of government, as well as from industry. In the main, this initiative, which really began in 2004 and whose research programs started in 2006, has garnered good support and a great deal of interest. But it's very clear to me that we still see most of that interest at two levels. One is the short term, because we're looking for value in the short term, as most of our funding agencies are very focused on seeing value in a short-term timeframe.

● (1540)

Secondly, we see things from a very disciplinary area. For example, those who would normally support initiatives in soil or land management might be very reluctant to move into water management or into animal production systems. As a result, we see barriers that slow down the work that could be done by scientists and other collaborators in the area of agriculture and the environment.

To sum that one up, I would simply like to say that as a recommendation, I think Agriculture and Agri-Food Canada needs to take a leadership role—I know it has to some extent, but even more so—in engaging a range of federal departments, for example Environment, Health Canada, Fisheries and Oceans, and even, within its own mandate, CFIA and PFRA, to invest more strongly in long-term, multi-disciplinary research. These efforts will result in common goals being achieved more quickly between those organizations or those departments. It will also encourage the training of post-graduate people in the multi-disciplinary areas, and this is critical if we're going to be able to deal with the complex issues that agriculture is facing down the road—to have that kind of expertise available.

The second thing I'm going to address has to do with declining enrolment in agriculture faculties. This is impacting our industry again. Just in our university, we had more than three positions identified for every graduate from the diploma, the degree, and masters and PhD programs. We have an industry that is coming to us and saying that they can no longer steal from anyone else because there is nobody to steal from, or that there's enough to steal from, but everybody's stakes are higher and there are no people available.

The second thing that happens with declining enrolments at Canadian faculties of agriculture is that their stake and their ability to garner support within their own university administrations starts to decline. Renewal of academic staff who are doing research, new investment into programs so that what we teach students is current, some of those things start to fall behind, and we have a wheel of decline. For a nation that has as much of its income and as many of its acres and people associated with agriculture as we do, I think that bodes poorly.

At the University of Manitoba we have taken some steps to try to reverse this, going to, in particular in our case, China and India to attract students with the hope that some of them will stay in Canada. We have co-op job training programs in conjunction with industry. We have just recently, through Immigration Canada, brought someone in so that we can go through accreditation programs for immigrants who already have training from other countries and may simply need upgrading. We have probably the best—of any faculty in our university—scholarships and bursaries for students who come into our faculty.

And finally, we've taken the steps in the last few years to build an education centre at one of our research stations in conjunction with the National Centre for Livestock and the Environment to increase education opportunities for a public that is very interested in food from a health and social perspective, with the hope that there is a greater understanding of what the agrifood and agriculture industry is about, but also as an opportunity to demonstrate the excellent career opportunities that our youth have if they choose this field.

In conclusion on that, I would recommend that there is a role the federal government and Agriculture and Agri-Food Canada can play in helping us increase interest by our youth in this area—a role in terms of ensuring that we have recruitment and education programming for our public and for our youth so that we encourage and provide a vehicle by which they can learn of the opportunities. That might be through, again, investment in such initiatives as our Glenlea Farm Education Centre, but there may also be other ones available.

● (1545)

Just for your information, this is a \$4 million initiative. At this point we have about \$2.5 million, actually more than that, pulled together. Again, industry has been our main supporter—they see the value—but also recently the province.

My last one is around the development of the Canadian agrifood research centre, focused on the grains. We know well that the federal government has major institutions of the grain sector here in Winnipeg. We have a number of companies that have headquarters here in the grain handling, seed, and commodity areas. We have major biofuel investment in the province.

With the declining infrastructure and the inability to expand in some of these federal facilities, I think there's an opportunity, through Smartpark at the University of Manitoba, to bring these interests together and to build a world class centre that is focused on the grain industry and the future opportunities of the industry.

That would be my recommendation for the third area.

● (1550)

The Chair: Thank you, Dr. Wittenberg.

Mr. Watts, you're on next.

Mr. Peter Watts (Director, Market Innovation, Pulse Canada): Thank you very much. It's a pleasure to be here this afternoon.

My name is Peter Watts, and I'm here with my colleague Greg Cherewyk. We work for Pulse Canada in Winnipeg.

I have circulated a presentation to everyone in both French and English.

[Translation]

I will be making my presentation in English, but if there are any questions at the end in French, I will answer them in French.

[English]

I'd just like to direct your attention to the upper left-hand side of the presentation. Pulses—you probably all know, but just to make sure—are beans, peas, lentils, and chickpeas. Pulse Canada does not cover soybeans, for the most part, or any other pulses at this time.

I'll go through the presentation rather quickly, because I have only ten minutes, so please bear with me.

The first slide shows you the growth in production and exports of pulses in the last 15 or 17 years, and since we're here to talk about innovation, I'd just like to emphasize that innovation has been a critical component in terms of developing new, higher-yielding varieties of pulses that are disease-resistant and that have led to the remarkable expansion of the industry that you can see there, more than quadrupling in production over the last 15 years to over four million tonnes, nearly 4.8 million tonnes in 2005-06.

Canada is now the world's largest producer and exporter of peas and lentils, and an important player in the dry bean and chickpea markets. Innovation has been an important part of that. I'll draw your attention to the example of red lentils. We've shifted or expanded our focus in terms of R and D in recent years to focus more on consumer requirements, end-user requirements. In the red lentil example, Canada developed new varieties that were better for milling and splitting of red lentils. Today we are the largest player in the global red lentil market, and it's no coincidence that in Saskatchewan we have the largest red lentil splitters in the world.

Agriculture Canada has been an important partner with the pulse industry over the years, investing in research and assisting in market development, and again in the case of the red lentil sector, helping to fund a benchmarking study that looked at end-user requirements from export markets that led to the development of these new and improved varieties.

On the second slide, the point I'd like to draw your attention to here is that the agricultural policy framework that came into place in 2003 has, from the pulse industry's perspective, been a success. The pulse industry has been a beneficiary of the APF through a number of programs, but through one in particular, which I'm going to draw your attention to today, and that is a pulse innovation project, which I'm a part of.

The APF focused on five core agricultural areas, and these have been very important areas to focus on, but I think as we look to the next generation of agricultural policy, as was alluded to in the last presentation, we need to expand our focus and take into consideration other areas that have a huge impact on agriculture, including food and drug regulations, transportation issues, intellectual property, and, of course, environment. We have environment in the current APF, but I'm thinking more of policies that will be implemented by Environment Canada in the future.

On the next page, the top slide, the message we'd like to leave you with today is that there are three things that Pulse Canada, the pulse industry, feels we need to focus on as an agriculture sector, and those are research—reinvesting in research—the regulatory environment, and rail movement.

We've talked a lot about research, and I'm sure you've talked a lot about research in these discussions. In your own discussion papers, it was indicated that spending on research on agriculture in Canada is about 50% of that in the U.S. compared with the GDP for agriculture. I have a quote here from a report by the Canadian Agri-Food Policy Institute from last year, which says:

Government expenditures on research and development have not kept pace with need, or with past expenditures levels. This trend must reverse to provide the needed substantial investment on behalf of the agri-food sector.

So I think, as I mentioned before, the APF has been a success. Investing in science and innovation was a very positive development, and in fact I'd just like to draw your attention quickly to the next slide on the pulse innovation project that we're working on within Pulse Canada, a \$3.2 million initiative funded by the science and innovation broker program to develop new value-added opportunities for pulse crops in the North American food sector. We're currently developing an industry strategy and action plan vis-à-vis the North American food sector.

We also have six human clinical trials that are being funded under this study, which are looking at the relationship between pulse consumption and the prevention of chronic disease linked to obesity, such as diabetes and cardiovascular disease. Why are we focusing so much on health? The times are changing, and as you know, we expend a lot of resources in Canada on health care.

• (1555)

Of course, our traditional approach has been treatment, and the focus is shifting toward prevention. As I indicate in this slide, agriculture is positioning itself to be a provider of solutions through the prevention of major health issues.

Passing on to the next slide, at the bottom of page 3, the point here is that the pulse sector is attempting to position itself to be a deliverer of health solutions to consumers, in a food-based approach to health and wellness. This is the reason why we feel that agriculture needs to focus on opportunities in health and wellness, and the pulse industry is doing that.

I'd like to skip over the next page and move on to page 5 to talk about the regulatory environment for a moment. I have four areas, which I've listed here. There is no question that some of these areas are having a significant impact on the agriculture sector. We need to take them into consideration, as we develop the next generation of agricultural policy, given the growing interdependence of agriculture, health, transportation, etc.

In terms of the Food and Drugs Act, I'm not here to criticize Health Canada, but we have a problem with regulatory approval times for new food products in Canada, and it is impeding innovation. We need to look at this.

I have a quote here from a study that was done by Ron Doering two years ago. He interviewed a number of executives at food companies across Canada, who were "nearly unanimous in their recounting of extraordinary delays that are, in the words of one industry leader, 'completely unreasonable, universally recognized as the slowest of all countries' ". He goes on to say that for one company, "It was faster to obtain a full drug approval than to get regulatory food approval to add calcium to orange juice."

Again, I'm not here to bash Health Canada, but to say that from an agriculture policy perspective, we need to take into consideration the forces in other areas that are at work when we're developing policy.

The transportation area is a key one. I'd like to finish off the presentation this afternoon by talking about rail movement. Rail is a very important component of the pulse industry. Although we are highly dependent upon bulk movement of crops for export in Canada, increasingly we need to make sure we have a system that caters to smaller crops, such as peas, beans, lentils, chickpeas, flax, mustard, and sunflower. Also, wheat and barley are increasingly moving in container out of the country or within the North American marketplace.

While Canada is the largest supplier to the world market of a lot of these crops, we are not the preferred supplier today, given the problems with transportation. In fact, we are branding ourselves on the international marketplace as an unreliable and inconsistent supplier of these products. That's becoming our brand, and it's overshadowing our investment in R and D.

The rail business model must converge with the new agribusiness models that are focusing on niche markets, added value, differentiated products, and on attempting to capture premiums for functionality, food safety, and quality assurance.

We need to brand ourselves as world leaders in the consistent and reliable supply of agrifood products. We can do this by increased cooperation between the railways and agriculture. By better forecasting the movement of crops, agriculture can contribute to system-wide efficiencies. But in return we ask the railways to develop systems to ensure that sufficient railcars are allocated to meet the needs of the industry, and that transit times become more in line with other crops.

For example, right now canola has a transit time of about nine days. It's eleven days for board crops, whereas for pulse and special crops, it's about 16 days. In terms of the variability of the schedule, there is about eight days on either side, so if you are shipping pulse crops to a port position, it might get there in eight days or in 24 days.

You can imagine the impact this has on demurrage costs, in terms of the shippers and container companies you're working with.

Finally, we need to make sure that containers work with the steamship lines, in order to ensure that there is an adequate supply of containers to ship products, both in the port position and the country. As more and more products are being put into containers in the country, this allows us to capture premiums associated with food safety, quality, and identity preservation.

We need amendments to the Canadian Transportation Act that will assist shippers in obtaining competitive options and help resolve disputes when normal commercial negotiations break down.

• (1600)

Finally, we need a level of service review, to ensure the provisions in the Canada Transportation Act are doing what they were intended to do.

Thank you.

The Chair: Thank you.

Mr. Brunell.

Mr. Rob Brunell (President, Keystone Agricultural Producers' (KAP) Young Farmers Committee): Thank you, Mr. Chair and committee members.

My name is Rob Brunell. I'm a grains and oilseeds producer in the province of Manitoba, about two and a half hours straight west of here, on the shores of another lake in this province, Lake Dauphin.

From being the chair of the Young Farmers Committee, sitting on the Canadian Young Farmers Forum board, and talking with young producers across Canada, I think there are a few key points I'd like to make.

First, when we develop policy in this country, I think there should be a baseline we build on, and that is profitability for farmers. If we can achieve that somehow, or improve profitability, I think a lot of the other issues we are dealing with will resolve themselves.

Programs under the APF that we've gone through in the past five years, and the ones we're building on, should focus on primary production in agriculture. We shouldn't be training producers for off-farm jobs or how to leave the farm; we should focus on agriculture and primary production.

On delivery agencies and how programs are delivered, there are prime examples of that. I sit on the environmental farm planning board for the province. It's a federal, provincial, and third-party delivery agency. I think that's an effective way to deliver programs through the next generation of the APF. We see how effective they can be and how they can deal with the changes and needs of producers. It is designed for the producers it's being delivered to—live producers—in conjunction with both levels of government.

On the other hand, the Canada-Manitoba farm stewardship program, which delivers the BMP dollars, is a federal government agency and it is not so flexible. The turnaround time for payments on these BMPs is slow, and it affects how producers and young producers access and make environmental changes on their operation.

That shows the two different delivery mechanisms in the same program and how one can be effective and achieve its goals how and how one is lagging behind.

When we develop agricultural policy, I think we have to look at it as a long-term vision. Being a young producer, a fourth-generation producer—with possibly the fifth generation still seven months away—I ask how I am going to get to the age of my dad, when I can retire. We make plans and we try to achieve those plans. Yet when we develop policy, there is no long-term vision for agriculture. We don't know where we're going. We don't know where to invest, as producers. There are a lot of bad investments being made and a lot of good investments, but we're not too sure as to what direction we should be taking.

I think there's a real need for long-term vision when we're developing policy. Policy should not change at whim or at change of governments or what have you. We need something that will continue way beyond a five-year period. Let's look at five years or ten years down the road and how we can achieve these goals.

For a prime example, we can look south of us and see what they've done with their ethanol industry. It's taken years of planning and research and plant breeding to achieve high corn yields for ethanol production. There was a long-term goal. They're achieving that and moving forward. I think that's something we have to look forward to.

I think some of the programs delivered under the current APF, in education and the CASS, are good programs. We're seeing a lot of benefits to them. The delivery mechanism is different in every province. In the province of Manitoba, and actually not far from my hometown, they've created a framework to deliver CASS programs. It's another grassroots, local community development type of group that has taken on the task of helping their community access education.

On that note, I think the education delivered through these programs should focus on primary producers. There's a need to educate producers on a better marketing strategy, farm business management, and the list goes on and on. There are a lot of ways we can capture more of the pie through better management skills.

• (1605)

The Canadian Young Farmers' Forum is involved with a pilot project in Alberta that is developing best management practices and training young producers on better management practices, and I think these are important things. We look at the businesses we deal with in this country and in the world. A lot of farms don't gross as much money as some of these CEOs gross, and that's who we're doing business with directly.

I think the increase in public research dollars is another key area. Public research generally benefits farmers because the research is returned to the farmers so they can access it and use it better. They're not looking after corporate bottom lines and corporate structures. They're to benefit the public good and producers.

When we last met in Ottawa, we had a discussion around intergenerational transfers and that sort of thing. These programs I think are working, but when you sit down as a young producer and look at your farm's books or your dad's books, there is no way to pencil out a generational transfer. We are living on our equity. There's not enough money in there to pass that farm from generation to generation.

So I think there's the profitability, but there are other things. We look at increasing the capital gains exemptions and things like that. Those are important, because if you're passing a farm from one generation to the other, you can look at it and say you don't need to sell your farm for this much money because you lost this much in tax. You can lower your price, capture more dollars in the seller's pocket, and with the next generation as the purchaser, your purchase price is lower. So we're helping each other out.

In closing, I'd like to thank you for this opportunity to present. This is the fourth time I've presented on consultations on the APF, round one and round two, and then we've done a one-on-one consultation with the AAFC staff with the Canadian Young Farmers, so I think this is great that you're listening to producers.

My hope is that at the end of this and in the development of these policies, producers are heard, that we have a large stake in this next round. I'm looking forward to seeing what's coming out of this. And I hope we are heard, because if not, I think this has all been a waste of time.

Thank you very much for this opportunity.

The Chair: Thank you.

Mr. Hubbard, you're on.

Hon. Charles Hubbard: Thank you, Mr. Chair.

Those were some very good presentations.

Rob, you certainly covered a wide field of topics, all the way from how your father's generation is going to retire off a farm and how another generation is to take over.

I want to ask questions first of all to Dr. Wittenberg. In terms of the University of Manitoba, you expressed some concerns with the enrolment, and it's a problem, I think, in most rural provinces. But when you look at the overall future of the university, are enrolments declining across all faculties, or mainly in agriculture?

Ms. Karin Wittenberg: The focus of my presentation was enrolment in a faculty of agriculture as compared to total university enrolment.

Hon. Charles Hubbard: So the conclusion would be that this is an anomaly in terms of what's happening in agriculture?

Ms. Karin Wittenberg: Although universities can go up and down in terms of enrolment, depending on what our youth plan to do—they may want to go to a college or go right into a career after high school—we're seeing that the percentage of students enrolled in agriculture faculties across Canada, relative to total university enrolment, is declining. In other words, the number of people who choose a career in an ag-related sector—it could be in transportation, economics, it doesn't matter—is declining.

Hon. Charles Hubbard: In agriculture and agrifood?

Ms. Karin Wittenberg: Yes.

• (1610)

Hon. Charles Hubbard: Peter, in terms of the farmer who's growing peas, can you give us an example of what happens from the time it leaves the farm gate until it arrives maybe in China? Apparently they have had a little special venture in peas recently. I was reading about some restaurant chains there that are using them. What happens from the time the sale is consummated until the product gets to China?

Mr. Peter Watts: I'll let Greg answer that question, if you don't mind.

The Chair: Okay.

Hon. Charles Hubbard: I'm worried about this transportation business. Where are the impediments?

Mr. Greg Cherewyk (Director of Market Development, Pulse Canada): Let's take it from the point of the plant.

The plant has purchased some peas for delivery in China. As the end use they actually extract starch from yellow peas and create clear noodles—very elastic, stretchy noodles. That's a growing market for us; over 250,000 tonnes of yellow peas went into China last year.

At a point in Saskatchewan, just for argument's sake, once the peas are bought and inside the plant, the next step of the process is to get something called terminal authorization, so you have to book a vessel. You have to ensure that you have a spot on the vessel for your product that's going to be shipped to China. You have to do that before you can get a booking at a trans-loading facility.

You're going to move your peas to Vancouver to be put in containers. They're going to be put in containers at a trans-loading facility in Vancouver. Then they're going to board a vessel, but before you arrange for railcars at your plant, you have to ensure that your vessel is booked and that your trans-loading facility time to put the product into a container is also booked. Once you've done that, the railways will commit to allocating your cars.

For our industry, the record has been that once you've got those things in order, the number of cars allocated is in the neighbourhood of 20% of what you're requesting. You have to order hopper cars to put your peas into to move them to Vancouver, and you're only getting 20% of what you've requested.

On top of that, when the cars do come, typically they're in a condition that's not suitable for movement, so they have to be repaired by the staff on site. Not only do they have to be repaired into a condition suitable for moving your product, but they also have to be repaired within the time limits specified by the railway, or else they'll charge you demurrage on that.

So already you've been allocated fewer cars than you've requested. The cars show up in poor condition. You do load them. You get them loaded on time. Then, of course, the railways can move them when they feel like moving them, so they might move them within a day or they might move them within seven days.

As Peter said, your next hurdle is transit time. On average it's 16 days to get to Vancouver. With the variability, you could arrive in eight days or 24 days. Obviously this creates huge problems for the transloading facility that's going to move the peas from the hopper cars into the containers, because they don't know when your

product's coming and you don't know when it's coming and often everything's coming at once, so it all comes on top of each other.

Hon. Charles Hubbard: So with this, rather than—

The Chair: Your time's up.

Hon. Charles Hubbard: My time's up?

I was going to ask about this darn container business. I thought you were mainly using containers.

Mr. Greg Cherewyk: We are. You have a choice: you can load at your plants or in Vancouver.

Hon. Charles Hubbard: Some day we'll have to get the complete story, but in shipping there's storage at the ports. We'll have to look into that.

The Chair: I suspect that in the future we will be doing a study on grain handling and shipping, but we are out of time.

For those of you who require translation services, the equipment is in front of you.

[Translation]

Mr. Gaudet, you have five minutes.

Mr. Roger Gaudet: Thank you, Mr. Chairman.

Ms. Wittenberg, earlier you said that there were fewer young people choosing to study agriculture at university. In your opinion, what is the reason for this drop?

Mr. Brunell seemed to be saying earlier that, in his area, things are going well.

Why are fewer people attending university? Do you think that immigration will help to make farming more popular?

[English]

Ms. Karin Wittenberg: Let me respond to your first question, which was on the reasons students are not selecting agriculture as a choice of study. If you have, as I do, a son or daughter in grade 12, and they say they're going to go into agriculture at the University of Manitoba or Saskatoon, it's not sexy. Media and public perception has really moved their goals away from agriculture, because there's absolutely nothing neat about it in the way it's presented to our youth.

Second, we suffer from an image. To many people, young and old, agriculture is simply farming. The fact that there are international careers in trade, economics, and processing, all as a part of the training we offer in our faculties, is not known by the general public and is not known by our educators at the high school level; consequently, it is not information that our students have available to them when they're making these important decisions.

In terms of immigration, that is a very good question. I can tell you that industries are now actively recruiting from other countries to find the labour they need in production and in processing facilities.

• (1615)

[Translation]

Mr. Roger Gaudet: Okay. Go on.

[English]

Ms. Karin Wittenberg: The only other comment I want to make is about our move to bring in someone to help these people, who have training in other countries, become accredited so they can be considered full-fledged agrologists, or certified in whichever field they're in. This is a new program. I'm not aware that any other university is doing this. It is our hope that this can become a vehicle to allow some of our immigrants with the appropriate training to take on higher-end jobs. I don't know how successful it will be; it's too new.

[Translation]

Mr. Roger Gaudet: Thank you.

Mr. Brunell, I have one question for you. You said that the government needs to have long-term policies. What do you mean by "long-term"? In terms of imports and exports, this can change from one year, two years or three years. It's all fine and well to have a policy but if a product comes into the country in another region in Canada or if our product is being sent more quickly outside Canada we need to strike the right balance. I'd like to hear your opinion on this.

[English]

Mr. Rob Brunell: Thank you for your question. Although it's hard to grasp how to build a long-term policy, I think you have to start with the basics. Within your policy there may be changes, depending on markets and conditions. But if we don't have something to bank on that we know will be there as we build our operations....

I'm not a big fan of safety nets and never want to use them, but if I know at the end of the day that for the next ten years, when I'm planning my business, developing markets, and so on, I'll have something that will actually work, prevent drastic losses, and keep the bumps in the road smoother, that's a start.

What else is out there? It's a tough question to answer, but there are probably many things we can look at in the long term that we know will be there so we can develop things around them. They also have to be flexible, because there's no sense developing something that will be non-existent in ten years. It has to be entrenched yet flexible enough that we know what will be there in the future.

I hope that answers your question.

[Translation]

Mr. Roger Gaudet: I have a quick question for Mr. Watts. Have you ever considered other modes of transportation besides rail transportation? I am talking about modes for which the cost would be more or less equivalent.

[English]

Mr. Peter Watts: I think I'll defer the question to my transportation guru.

Mr. Greg Cherewyk: The pulse industry makes use of marine containers that can be loaded at the plant on the prairies. That requires an effective rail freight system. They go hand in hand. They also make use of intermodal units that move by truck. The bottom line is that more than 99% of our product must move by rail, with the exception of stuff that is trucked to Mexico.

During the strike, for example, we did have to truck some product. It takes 37 trucks to ship 1,500 tonnes of lentils to Vancouver. You can imagine the premium you'd have to pay to truck product to Vancouver, the environmental cost, and the toll that would take on your highways. It's not sustainable, and clearly we require rail freight and a containerized freight system that allows us to move the product effectively and efficiently.

• (1620)

[Translation]

The Chair: Thank you.

Mr. Roger Gaudet: Thank you.

[English]

The Chair: Mr. Anderson.

Mr. David Anderson: Was Pulse Canada part of the discussion last year on the shippers' rate proposals?

Mr. Greg Cherewyk: Yes, we're a member of the rail shipper coalition.

Mr. David Anderson: Do you support that?

Mr. Greg Cherewyk: Yes.

Mr. David Anderson: Do you see that as an important movement toward dealing with some of the problems we have in the transportation system?

Mr. Greg Cherewyk: Yes. It's an important step when commercial arrangements and negotiations break down. There needs to be a legislative backstop to support and ensure that shippers' rights are protected. We have been part of that discussion since May 2006.

Mr. David Anderson: Does your organization have any position on additional running rates on present rail lines?

Mr. Greg Cherewyk: Our organization has not developed a position on that. To my knowledge, the rail shipper coalition did not put forward a position on that.

Mr. David Anderson: You talked about regulatory restrictions being an issue and said that Health Canada was one of the problems. Do you find those problems in Agriculture Canada or CFIA? Today we heard about the attempt to license a variety of barley. CFIA is involved in that—and the novel foods issue. Is it primarily Health Canada you're dealing with, or are you dealing with Agriculture Canada as well?

Mr. Peter Watts: It's both. I guess what I was trying to drive at in the presentation was that we need to take into consideration some of the regulatory issues that fall outside our control as we develop policies—recognizing, for example, that Health Canada is in the midst of developing new policies vis-à-vis food regulations—and make sure we understand them, because increasingly they have an impact on agriculture and on the opportunity for innovation. But certainly CFIA is also a group that we as an industry are dealing with on a regular basis.

Mr. David Anderson: I don't have anything more to say, other than that the Canadian Young Farmers Forum was a real highlight for us in Ottawa. I think the others who were there would say that. It was fun to have that visit.

The Chair: I'll just follow up and use some of the member's time.

Dr. Wittenberg, one thing you didn't really get into is the research component at the University of Manitoba and whether or not there has been enough investment in the agriculture science field that you're in charge of. I know you're now largely involved in the education side of the faculty, but you've also been very involved in a lot of the animal science work that has gone on in the past, and you have a lot of colleagues who have done a lot of great work for the farmers of Manitoba.

Do you see the dollars increasing or decreasing the amount of research you can do moving ahead, or is it impeded? That's a question for you.

Ms. Karin Wittenberg: Basically, if we're talking about short-term, discipline-oriented research, we can find dollars. In our faculty, we pull in a little over \$10 million a year in research money, the majority of it from out of province—or maybe not; about 50% is from out of province.

That would be good for the person doing nutrition research or reproduction research, if it's animal science or, it might be, plant breeding. Where we're really struggling, and where there is need, is in the more long-term effort, where we've tried to develop infrastructure that allows us to look at the relationships between agricultural practices and environment; or in another case, to support a centre that we've built to increase value-added for food going into functional foods and nutraceuticals—the Richardson Centre for Functional Foods and Nutraceuticals.

These efforts to become current and to realign our research expertise in areas that meet the needs of the industry today and tomorrow have two types of investments: short-term investment, which we can only say we need more of; but more importantly, the longer-term investment, which does not exist in any of the granting agencies currently.

That could also come through better linkages. There are many barriers to collaboration still between federal agencies and universities. We have a few research experts across Canada in our various institutions in any one area. To have them more easily work together, to provide resources for them to work together and overcome barriers, is another way by which we support longer-term research.

So I would say there's always a need for more; that's right. But if we were to focus it to provide some support for those long-term initiatives that meet issues that have the industry's and the public good at heart—things such as the agriculture-environment relationship, animal welfare, food safety.... These are all long-term, because what you do to influence one—let's say animal welfare—is going to have an impact on the byproducts of that production system; it's going to have an impact on environment; it has a potential impact on food safety. These complex areas have to have a different type of support from what we have traditionally offered. In my mind, it is multi-disciplinary and it's a longer-term type of support that's required.

• (1625)

The Chair: Thank you.

Mr. Atamanenko, you get to bat clean-up today.

Mr. Alex Atamanenko: Thank you very much.

I have a question for Pulse Canada, and also Mr. Brunell and Dr. Wittenberg; please feel free to join in.

We've heard over and over again about the problems facing primary producers and farmers, whether it's insurance or CAIS, or being innovative and scrambling here and trying to do something. So a farmer does this, and all of a sudden you want to ship your peas, for example, and you have this horror story that you're talking about, the hurdles. You know, 20% cars allotted if you get them; cars not in condition; they move it when they feel like it; the timeline.

So I have a question, and I know this is controversial in this day and age, but I'm going to ask this question. I was talking to a farmer near Saskatoon, and his son spends the whole day on his cellphone trying to negotiate something for peas. He used the example of peas. So we have peas that are shipped; we have canola that's shipped. And we have wheat and barley that are shipped through the Wheat Board, but canola is not. If we look at these three commodities, does it make a difference when you have one organization, such as the Wheat Board in this case, or does it not make a difference? Is there a difference with canola? Because we haven't heard what the timeline is on canola.

I'd just like to get to the bottom of this, apart from the fact that the rail line isn't doing our business. We know that.

The Chair: Mr. Cherewyk.

Mr. Greg Cherewyk: Peter might have alluded to it. We do know what the transit times are for canola and board grains. For canola, it was an average of nine days from the prairies to port, and for board grains it was an average of 11 days. For pulses and special crops, it was 16 days.

It's not a matter of the organization or the company involved with respect to the timelines. If you speak to members of our organization, which include the Agricore Uniteds, the Cargills, the Sask Wheat Pools, they all have programs that move mustard, canary seed, peas, lentils, and they also move board grains, and canola. So they experience the same problems that the rest of the shippers do.

It's more a matter of something that Peter included in the beginning of his presentation. Peas, for example, are not a commodity that will move in 50- or 100-car unit trains. That's not the nature of the market we deliver to; it's not the nature of the customer we deliver to; it doesn't suit the distribution channels in the country, nor the end-uses. Yet we're developing more and more types of products that are not characterized as bulk commodities.

Mr. Alex Atamanenko: So this move by CN to move 100-car units is obviously detrimental to this commodity.

Mr. Greg Cherewyk: We have to be clear. We're always going to service a bulk commodity market. It's going to be a big part of agriculture in Canada, but we have to recognize that we're on diverging paths right now. The railways are moving even more towards providing incentives for unit trains and 100 cars, while the agriculture industry is moving in the opposite direction. At what point are we going to recognize that we need a convergence on these paths, and recognize that this is not sustainable? This is not the vision of the agriculture industry. How could it be the vision of the industry that's responsible for moving the product?

Mr. Alex Atamanenko: Mr. Brunell, you're a farmer. What do you see? What should we be doing to get this right?

• (1630)

Mr. Rob Brunell: That's always a heated topic with the strikes we've been dealing with, and being on different lines, and having different lines we tend to ship to. My closest delivery point is 45 miles. At this point in time, it doesn't make a difference, when I put it on a truck, whether it goes 45 miles or 145 miles, as long as it gets moved. We hear time and time again that when the shippers do receive the cars, the maintenance isn't done, and therefore they can't load—you know, 20%, 10%, 50%, what have you.

The other thing is, a lot of the smaller places don't have access to 100-car units, so therefore they don't always get the cars that are allocated.

You did bring up the Wheat Board topic, and it is a controversial one, but I think the one thing where the Wheat Board has had as an advantage is taking the railways to task on some of these things. Because they represent a large body of people, they can do that more effectively. If we do lose that, then how we are going to deal with the railways is a big question.

FRCC has brought up a lot of other things, and I think if you look through some of the stuff they've investigated and researched, there are a lot of suggestions a person could look into on that also.

Mr. Alex Atamanenko: Dr. Wittenberg, do you have any comments on this, on the transportation?

Ms. Karin Wittenberg: Just very briefly, certainly the type of person who can address complex issues is a person who's few and far between to find. They're more likely to be associated with large organizations such as the Canadian Wheat Board or the Richardson Centre. In one case, that's public information; in the other case, it's not. I suppose that's something we have to consider.

Certainly a commodity group or a smaller industry isn't privy to that, and if there isn't a vehicle through something like Agriculture and Agri-Food Canada, they are going to be left behind.

The other thing I'd like to say is that I know even in some of the work that we do around research funding and that type of thing, when we took a look at how quickly a public organization can respond to change, we found we were often at a disadvantage in Canada compared to our counterparts. We may know where we need to go, but we have a difficult time getting there. We seem to be very barrier-oriented, and the resources to get over those barriers take too

much energy. For these small organizations that becomes an issue again.

The Chair: The time has expired, and expired for this session as well. I think it's been great. I know that we're going to be doing a study in the very near future, I suspect—when we're done with the APF—on grain shipping.

I thank all of you for your input. It will help us form our report.

I do ask members to remain at the table. We have one minor piece of business. Witnesses are free to leave.

Just for our committee, the one thing that we kind of dropped the ball on this week is that we never did put forward a motion to direct the clerk to notify the media, whether or not we want the media at the meetings. There happened to be four, by chance, actually, that showed up at the last few meetings, but we never actually did put out any notices in the areas.

With our travel next week to eastern Canada, do we want to invite media?

Hon. Wayne Easter: Yes.

Hon. Charles Hubbard: Should this not be a standard thing when we come?

The Chair: It isn't, though.

Hon. Charles Hubbard: I think probably we should have a motion that it be a standard operational procedure.

The Chair: Alex moves, Larry seconds, that we invite media, and then we'll deal with whether it should be standard—

Hon. Charles Hubbard: It should be, really.

The Chair: —when we travel.

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: We'll make sure that gets taken care of tomorrow.

This ends the western leg of our APF hearings. It's been very good.

I want to thank our support staff. We are getting new support staff next week travelling with us, so I do want to thank Dominique, Paule, and Thel for interpreting; Nathalie and Robert for logistics; and Lynne and Stéphane for all their technical assistance.

[Translation]

Mr. Roger Gaudet: Mr. Chairman, my thanks are twice as heartfelt because I dealt with them a great deal. I want to thank them again very much. They have done an excellent job. Thank you.

[English]

The Chair: Yes, they always do. We're very lucky. I don't know how the House of Commons survived, because we took the three best ones with us.

Anyway, I look forward to next week. I'll see all you guys in Ottawa.

The meeting is adjourned.

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

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

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.