



House of Commons
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 059 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Wednesday, April 25, 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

Wednesday, April 25, 2007

• (1410)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call the committee to order.

I want to welcome to the table Pierre Roy, from the Fédération des producteurs de porcs du Québec.

From the UPA, we have Richard Petit and Denis Bilodeau. Welcome, gentlemen.

And from the Federation of Quebec Producers of Cash Crops, we have William Van Tassel, who is no stranger to our committee. Welcome back, Bill.

We're going to start with opening comments. Please keep your comments to less than 10 minutes per organization.

Monsieur Roy, will you kick it off for us, please.

[Translation]

Mr. Pierre Roy (Fédération des producteurs de porcs du Québec): Good afternoon everyone. I am pleased to be here as the representative of the Fédération des producteurs de porcs du Québec. Thank you and welcome to our beautiful region of Montmagny—Côte-du-Sud—Chaudière—Appalaches.

Created in 1966, the Fédération des producteurs de porcs du Québec is an agricultural association set up under the Professional Syndicates Act. It is affiliated with the Union des producteurs agricoles du Québec and the Canadian Pork Council. Composed of 12 regional associations, the federation represents 4,111 hog farmers throughout Quebec.

Its mission is to obtain better social, technical and economic conditions for producers through the implementation of strategies designed to preserve and develop Quebec hog operations. It is dedicated primarily to marketing all pork products in Quebec. To this end, it is the sole sales and negotiating agent for all of Quebec hog producers. The federation also administers promotional and research funds and elaborates developmental hog production programs.

Risk management is an integral part of the daily lives of hog producers. Health hazards and market-related risks are the main risks that hog producers must face. The Fédération des producteurs de porcs du Québec believes that the federal government must do more to support hog producers in the management of the numerous, unforeseen and unavoidable risks that affect this sector.

I will now provide you with the federation's comments on the range of business risk management programs that the federal government offers.

Our first comment pertains to the Canadian Agricultural Income Stabilization program, or the CAIS. Quebec hog producers have extensively tested the CAIS program's effectiveness over the past two years. Indeed, the producers have been hard hit by the circovirus and has sustained unprecedented losses. In the absence of production insurance, the CAIS program had to compensate producers for such losses. It goes without saying that producers expected a great deal from the program, which was supposed to specifically compensate for difficult years based on a farming enterprise's past performance.

Producers have indeed been disappointed since the majority of farming enterprises have not obtained the anticipated level of compensation, which has undermined them financially. Consequently, the Ministère de l'agriculture, des pêcheries et des alimentations du Québec launched a \$15.2 million ad hoc program aimed at overcoming these shortcomings. Moreover, it is deplorable that the federal government is unwilling to share *de facto* the costs of such programs when the province announces and funds them. In light of its experience, the Fédération des producteurs de porcs du Québec is requesting certain changes to the CAIS program to ensure that it fulfils its initial objective and adequately compensates producers.

I will now discuss interference regarding diversified farm operations. Farming operations that engage in several types of production are often at a disadvantage compared to those engaged in a single type of production with respect to the amount of disaster relief they obtain. Indeed, it has been observed that the losses sustained from one type of production are often offset by gains achieved in the second type of production. In the event of a disaster, such as the health crisis that hog producers faced between 2004 and 2006, it is unacceptable that the CAIS program does not offer the same level of coverage to two farming enterprises that sustain similar losses.

To resolve the interference problem with respect to diversified farm operations, the Fédération des producteurs de porcs du Québec is recommending the following solutions that should be implemented in the event of a disaster.

In the short term, all cases involving hog producers who were victims of a disaster in 2004, 2005 and 2006 should be re-examined and eligible incomes and expenses pertaining to hog productions should be isolated to calculate compensation under the CAIS program.

On an ongoing basis, the federal government should approach the provinces to ensure that companion programs are considered by production sector when a disaster strikes a farming enterprise.

● (1415)

The CAIS program must also be adjusted to prevent an erosion of the reference margin. Indeed, the existing program application rules combined with the absence of production insurance in the hog sector reduce the reference margin of enterprises over time. The sector cannot wait any longer for the establishment of a production insurance program, which is slow in coming, to resolve this problem. The federal government must propose solutions to support the reference margin of producers who experience a disaster, in the absence of a production insurance program.

The Fédération des producteurs de porcs du Québec believes that other facets of the CAIS program must also be reviewed and enhanced. Among the key points, mention should be made of foreseeability, response time and the administrative burden that the program imposes. A program that is as hard to foresee as the CAIS program becomes in itself a risk factor that is added to the numerous factors that the producers are already facing. As for the response time and the administrative burden, a majority of producers from all sectors criticize them and the federal government must find a way to reduce them.

Producers also find it hard to accept the principle of shared cost programs when such programs cover disasters or uncontrollable risks. When a disaster has already undermined a farming enterprise's financial position, it is hard to assume part of the cost of a program that often covers only a portion of the losses sustained.

With the launching of the Agriculture Policy Framework, promises were made that production insurance would be extended to other commodities, including livestock. Despite the industry and government's efforts, we are still far from implementing production insurance suitable for livestock.

Given the absence of production insurance and the inadequate coverage offered by the CAIS program in the event of disease, many hog farms have been undermined financially or have ceased operation. The lack of production insurance hits producers in two ways. First, production losses are not fully covered. Second, the CAIS program reference margin is being eroded.

It is essential that the federal government promote, in the provinces, the development of a production insurance program to restore fairness in relation to other commodities that have benefited for several years from such insurance. Moreover, the federal government should establish the framework governing factors such as the premiums payable and insurable diseases. It is essential that the premium that producers pay to participate in this program is affordable. In addition, the insurable diseases must not be confined to those in which the herds are disease-free, but must include those diseases that are serologically present, but whose clinical signs are under control.

Do I still have some time left?

● (1420)

[English]

The Chair: You have one minute.

[Translation]

Mr. Pierre Roy: The federation is worried about the private sector's role in the implementation of a future production insurance program. Indeed, the federal government has clearly indicated that any risk covered by private insurance policies would be excluded from such a program. The federation wishes to ensure that the federal and provincial governments maintain their commitment to offer a production insurance program to hog producers to ensure that livestock producers are treated fairly in relation to other agricultural producers.

Quebec hog producers have greeted favourably amendments to the Agricultural Marketing Programs Act aimed at making livestock production eligible for interest-free cash advances under the advanced payments program.

The FPPQ salutes Agriculture and Agri-food Canada's efforts to better adapt the APP to the hog sector. However, we believe that access by hog producers to interest-free cash advances is still not as advantageous as it is for certain crop producers, who are able to keep their advances for 12 to 18 months. In the light of the short production cycle on hog farms, hog producers have access to interest-free cash advances for reduced periods ranging from six to nine months.

Hog producers who grow grain to feed their animals will be at a disadvantage as farm-fed grain will no longer be eligible for the APP, a situation that the FPPQ condemns. How a producer uses grain should not be a criterion for eligibility.

The FPPQ supports the creation of a disaster relief program. Since it is acknowledged that governments are unable to provide a range of business risk-management programs that cover all contingencies, the elaboration of a guide pertaining to specific situations will be valuable to assure producers that assistance is available in extreme situations. We must seek to elaborate this framework bearing in mind that such a program must be easy to administer and, above all, that it responds promptly. It is unthinkable that farm producers have to wait months before the federal and provincial governments intervene because of drawn-out negotiations.

The FPPQ believes that the federal government should intervene to attempt to restore a power relationship in the market and tackle concentration. It wishes to draw to the committee's attention that Quebec hog producers deem collective marketing to be a very important tool. In our opinion, this tool is an integral part of the solutions to counteracting concentration in the distribution sector and impediments to market access. This system is also more likely to ensure due reward for stakeholders in the sector, especially producers, and the federal government should financially support such initiatives.

● (1425)

The Chair: You have 30 seconds to wrap up.

Mr. Pierre Roy: The federation is of the opinion that the federal government's involvement is essential to support producers in business-risk management. However, the amount of assistance granted and the response time of programs should be enhanced and the red tape that they engender should be reduced.

The FPPQ approves the rapid elaboration of a production insurance program to ensure fair treatment for all commodities and, for the same reasons, enhancements to the advanced payments program. We subscribe to the adoption of clear guidelines concerning disaster relief provided that the promptness of intervention improves markedly.

In all cases, business-risk-management program should treat producers fairly, regardless of commodity or type or size of operation.

The Chair: Thank you very much.

Mr. Bilodeau.

Mr. Denis Bilodeau (Second Vice-President, Union des producteurs agricoles): Thank you, Mr. Chairman.

Good afternoon and thank you for welcoming us today.

We have already delivered the message we bring this afternoon to other forums. In some respects, it is more or less the same, but reiterating and reformulating the message always remains an interesting challenge. Given the structure of the UPA, the Union des producteurs agricoles, my comments will be broader in nature than those of my colleague. We will have the opportunity to address our expectations from various perspectives and we'll talk about the strategic framework that we have become familiar with over the last few years.

As far as the UPA's expectations are concerned regarding the Canadian program, they are more or less in line with the Canadian Federation of Agriculture's, that is:

[...] the future depends on a real agricultural policy that will provide producers with the means to earn reliable income from the market. Canada cannot build an agri food sector at their expense. It is essential that farms have the ability to be profitable.

This is a very significant issue for us. Agricultural businesses must be put into an economic situation that allows them to build a certain profitability over time. This would include special temporary measures, but above all the creation of a beneficial and positive economic context that will allow agricultural businesses to develop and to reach the threshold of profitability. To be successful, we need programs that are supported by various pillars, including strategic growth based especially on science and innovation. I'm thinking here of the renewal program.

Can you hear me well?

The Chair: Yes.

Mr. Denis Bilodeau: There is also the business risk management component. In our opinion, this is a major pillar that will allow for a real implementation of support measures in the more difficult situations, whether it is a question of one time or recurring problems, so that our Canadian agricultural businesses are not put into precarious economic situations.

As you will see more specifically in our brief, our businesses are going more and more into debt as time goes by. Year after year, the agricultural businesses' cash flow is diminished. Canadian programs were set up to deal with this problem. They were probably partly to blame for this situation. This must be corrected by other programs that will be implemented differently.

Another pillar is based on public goods and services and affects primarily the environmental components as well as food safety and quality. We also talk about agricultural enterprises of human size, that are owned by families that assume their management. Agricultural enterprises must be able to exist in a more optimistic context. We represent Quebec farmers and we are aware at the same time that the average age of farmers in Quebec gives them a certain advantage over Canadian farmers. In fact, our producers are generally speaking a little younger. However, the whole issue of transferability of businesses, for young people interested in a career in agriculture, remains an unavoidable subject that must be dealt with. It is therefore essential to create and maintain a positive climate for farming, so that newcomers will want to come and take over from those who have spent their lives working in this area.

We talk about a Canadian agricultural policy that ensures the involvement of producers in the decision-making process. It is most valuable for a government to announce policies and invest money, but we have to ensure that the funds produce benefits and some profit for the producers, therefore at the grassroots level. It is important that this money gets to the farm level and be allocated in light of the most pressing needs. In fact, we have observed over the last few years that certain rather substantial measures taken by the government did not achieve their objectives, or at least did not meet the needs of producers for whom emergency measures were required. We would like to see those situations rectified.

We also address the issue of flexibility in the development, implementation and management of programs. In many respects, we come back to this flexibility. We would like, even within a Canadian context, to be able to adapt the federal programs and interventions to what has been developed in Quebec, and in complementarity with it. The objective is to be able to best respond to the needs of agricultural businesses. In my opinion, Quebec's ad hoc programs will not limit the intervention of the federal government. We should rather consider that the amounts invested will result in a more advantageous situation and greater spinoffs for agriculture as a whole.

There is also the issue of equivalence aimed at avoiding overlaps, of provincial design, of delivery by organizations already set up in Quebec, including the Conseil pour le développement de l'agriculture du Québec, or CDAQ, the Financière agricole, the Agriconseils, concerning the plan for service advisors, and the marketing boards, governed by the Marketing Act. The administrative burden needs to be reduced and more emphasis put on achieving objectives. We want a Canadian agricultural policy built in complementarity with the Quebec's orientations.

● (1430)

I would like to invite my colleague to make the presentation about the expectations regarding the various phases of intervention within the Agriculture Policy Framework.

The Chair: Mr. Petit.

Mr. Richard Petit (Assistant Executive Director, Union des producteurs agricoles): Good afternoon. I will make a general presentation like the one that Mr. Bilodeau made. You have copies of the document in French and in English; you will certainly have the opportunity to read them. First, I want to thank you for inviting us.

The first phase has to do with food safety and quality. Let me first speak of the general expectations that were identified. Regarding quality and safety systems on the farm, there was a tendency over the past years to do things independently. Each production made its own quality and safety programs for farms, whereas each farm has not only one kind but sometimes several kinds of production. We think that we should proceed in a structured and integrated priority-based approach, which means that the same farm should not have to fill out three series of books of specifications if it has three productions.

When dealing with quality and safety, we cannot avoid mentioning the Canadian Food Inspection Agency. We must make sure that it has the means to supervise everything that has to do with regulating imports, so that the rules imposed by other countries on our exports apply as well to products imported into Canada.

With regard to regulating imports, we must make sure that when a product comes into Canada, it is up to our standards. Therefore, we must enable the agency to do so. Our approval system is not very well harmonized with that in the United States. There are products that can be used in the United States but not in Canada, which is not at the advantage of our producers. Often, this is because there is not enough critical mass of Canadian producers to perform all the tests on a national scale, and thus, these products will never be accessible to our producers. While we continue protecting the Canadian public, we must ensure better harmonization between the systems.

Regarding science and innovation, the documents that were published up until now seem interesting to us. There are many references to innovation. The UPA believes that it is important to focus on innovation, and we are doing a great deal of work on that. On the other hand, we must not neglect other sectors of research and development. We should not focus on one single link in the chain, when dealing with innovation. We must work on all the aspects together, through research, development and innovation, and then we must transfer the knowledge to farms so that Canadian producers can have access to the best available technology. We also want to ensure continuity with the work done in the past.

Mr. Bilodeau spoke about renewal and all the programs for assisting the new generation of farmers. I think that this morning you heard Mr. Benoît Martin, from the Fédération de la relève agricole, who raised the issue. This matter is of great concern to us. Generally, we believe that investment must be made in the renewal of counselling services in support of agricultural producers. Therefore, we must support producers in terms of knowledge and farm management. In Quebec, we have set up a support network, with counselling services in every region.

It is important for farms to have counselling services, but if we want quality, the counsellors must have access to knowledge and support.

● (1435)

Generally speaking in Quebec, as far as the environment is concerned, we wish that the Canadian government would recognize the expertise that has been developed in the province, particularly within the IRDA in terms of research, therefore that it would work with the various organizations that are close to agricultural producers and consultants.

Earlier on, we were also talking about flexibility. One program that is unique to Quebec is the special goose scaring program. I believe it was mentioned this morning. In our opinion, that is a way to show flexibility. We had a program; it was somewhat challenged. For the producers affected by the migration of snow geese, this is an essential program and it should continue.

I will move on now to risk management. This is the final component. Mr. Bilodeau and Mr. Lavoie appeared before the committee here in Ottawa a few weeks ago. We were sent the information that they presented to you, so we will not repeat it. This is an issue of the greatest importance for the Union des producteurs agricoles, particularly the whole issue of the funding of Quebec companion programs by the federal government.

As far as the market is concerned, there is the whole issue of product labelling. The Canadian government has put a great deal of effort into branding Canada, but we cannot always be sure that products with the word "Canada" appearing on the label are really Canadian products that meet quality and safety controls and environmental standards. These products could be imported. This must be part of the next policy, to ensure that when we talk about Canadian products, we are truly talking about products made in Canada.

● (1440)

The Chair: Thank you very much.

[English]

Even though you didn't get through your entire reports, your reports are tabled and the members have them, so they will definitely have a chance to read through them in their entirety.

Monsieur Van Tassel.

Mr. William Van Tassel (First Vice-President, Fédération des producteurs de cultures commerciales du Québec): *Bonjour.* I'll do my presentation in French, but just before starting, I want to tell you I will be showing some graphics, and I'll go to certain pages in my presentation so I can talk about them.

[Translation]

Good afternoon and welcome to Quebec.

I am the President of the Ontario-Quebec Grain Farmers' Coalition. The Coalition represents more than 41,000 grain and oilseed farmers in Ontario and Quebec. In Ontario there are seven organizations, and in Quebec, we have the Federation of Quebec Producers of Cash Crops.

G&O producers need the predictability of an income support program that is paid out only when prices fall below an agreed upon floor price per bushel. CAIS is an income stabilization program which does not work for G&O producers. Prices for grains and oilseeds have been stagnant for quite a few years, and this has caused a reduction in the reference margins. As we know, the CAIS works when there are price fluctuations, and when prices subsequently recover. Clearly, this program is not working for grain and oilseed producers.

Let me explain the problem.

Unfair international subsidies mean that Canadian G&O producers face consistently declining incomes. In addition, these subsidies do not trigger payments under the CAIS program. Under the proposed income-support program, the payment is triggered only when prices fall below an agreed upon floor price per bushel.

The grain and oilseed sector is facing a challenge. Here is what we suggest.

Our Coalition is concerned that current efforts underway to modify CAIS still ignore the fundamental challenges faced by G&O producers with the CAIS program. The CAIS is an income stabilization program that benefits price cyclical agricultural sectors based on production margins and penalizes grain and oilseed producers. G&O producers need an income support program that provides income predictability despite persistent income pressures due to unfair international subsidies. The program must also take into account the fact that farmers who face consecutive years of low income are ineligible to trigger payments under the CAIS program.

On page 6, we present some figures for Ontario. We can see the drop in reference margins for producers. These figures are from the Ontario Ministry of Agriculture, Food and Rural Affairs. Farmers with the lowest sales experience the greatest drop in their reference margin.

Page 7 is a chart that shows the trend which explains why the program does not work for grain and oilseed producers. Once again, these figures are for Ontario.

Page 8 present figures for smaller farms. It shows how the reference margin has dropped in this sector since 1999. The study was done in Ontario as well. We will come back to it.

Page 9 is very important. The chart shows the dramatic drop in farm revenues. The comparison is with the United States and the number are in constant dollars. It shows that since 1981, the Americans have experienced an increase in net farm revenue while the farm revenues in Canada have decreased. This is of great concern for the future of farming in Canada.

Page 10 shows the trend in total farm debt. In the long term, this is what will be the determining factor for agriculture. If the debt level is too high, farms will not be able to recover when a situation improves a little. We see that in the early 80s, the United States experienced a crisis in agriculture because of the high level of debt. At the moment, farm debt in Canada is much higher than that of the United States. Farmers in Canada have higher debts than their American counterparts, and we really do not have the same type of programs to help people pay down their debt.

What are the current market conditions?

Recent optimism over increased prices is not shared by producers, at least in part. Recent crop price increases are offset by cost of production increases. Current corn prices are \$3.60 a bushel, which is 65¢ below the cost of production.

• (1445)

The media widely reported a \$4.50 per bushel price for corn, but this price was available for only one day in March 2007. This was not enough to increase our margins.

Prices have dropped dramatically since the announced increase in acreage in the United States on March 27 and 28. We propose that a national income support program with regional flexibility that provides G&O producers with long-term income stability and predictability be introduced. We also recommend the introduction of companion programming that would provide long-term, bankable solutions to farmers, shared costs and risks by government and farmers and financial assistance only when the average world price falls below a target price.

The companion programs would use an insurance-based model. In Ontario, it is the Risk Management Program, and in Quebec, it is the Programme d'assurance stabilisation des revenus agricoles (Farm Income Stabilization Insurance Program), or ASRA. These programs are funded by premiums paid by farmers and both levels of government. Producers supply one-third of total funding. At the very least, we want federal and provincial governments to invest the remaining two-thirds based on a 60-40 formula. That is not the case at the moment, but that is what we are calling for. The funds would be distributed only when needed.

The budget of March 19 is a step in the right direction. First, it gives \$600 million to the contributory style savings account, which makes CAIS more predictable and bankable, but does not meet our needs. At the first level of the old NISA program, for example, when income is stagnant, there is very little help for low-income producers. There is some help, but it does not really solve the problem. Second, the \$400 million for cost of production support is a very positive step and needs to have regional flexibility to properly address diverse needs. Ad hoc based on ENS (eligible net sales) do not address the problem and in some cases make it worse.

Some organizations support our companion programs. I will like to quote what the President of the CFA, Bob Friesen, said:

The CFA is committed to the principle of federally-provincially funded companion programs that offer regional flexibility to fill the gaps not addressed by CAIS and other national Business Risk Management Programs.

The president of the Agricultural Producers Association of Saskatchewan, Ken McBride, also said:

Companion programs are tools that should be used to level the playing field in Canada with respect to regional issues, without creating regional disadvantages.

Laurent Pellerin, the President of the UPA, is also in favour of companion programs. He said:

In order to offset the impact of the Farm Bill, the federal government absolutely has to make funds available to finance national companion programs that can be used to meet regional needs.

In closing, the Ontario-Quebec Grain Farmers' Coalition looks forward to working with the government to develop innovative income support programs that meet the diverse needs of Canadian farmers.

Thank you.

● (1450)

[English]

The Chair: *Merci.*

Mr. Easter, you're going to kick this off. I do ask that all members respect the time limit of five minutes so we can get all around.

You're first, Wayne.

Hon. Wayne Easter (Malpeque, Lib.): We always do, don't we?

Thank you, gentlemen, for coming.

Mr. Roy, you raised the issue of internal subsidization of two commodities under the whole-farm programs that are in place in Canada. We really end up internally subsidizing cheap food, basically, because if you're running a dairy operation and a hog operation, you end up cross-subsidizing, the way our farm packages are developed.

You also raised a point about fed grains. You grow your own grain, and you feed it. In that program, that commodity doesn't apply. You're not the only one who's raised that; it's been raised in probably pretty nearly every province we've been in.

But I guess I haven't asked this question. I've been thinking about it, and I haven't raised it before. What difference would it make if it were a whole-farm program? Unless we change the programs, if it's a whole-farm program, it isn't going to make any difference whether it qualifies or it doesn't, because it's cross-subsidization within the farm. Do you have any response to that? Or am I wrong? Or does any of you?

Mr. Roy, or whoever wants to answer can.

The Chair: Monsieur Roy?

Hon. Wayne Easter: Go ahead, Denis.

[Translation]

Mr. Denis Bilodeau: The most recent generation of programs were essentially characterized by whole farm programming. Farmers have made choices regarding the development of their businesses: some have chosen to set up a hog enterprise alongside a grain company. The objective is very laudable: producers can grow grain, feed their animals, and have manure for fertilizing the next year's plant material—and all of this can be done in the same place. That aspect is highly laudable. However, whole farm programming penalizes this sort of business. If these businesses chose to operate as two separate entities, one specializing in hog production and one in grain production, they would have a significant advantage with regard to a program.

We do not want a program which targets and privileges one business structure at the expense of another. In Quebec, in light of our unique situation, we have always favoured multi-product production. For example, we have been able to link dairy production to wheat or syrup production. This is what led to the development of

farming enterprises in Quebec. The current CAIS program means that diversified businesses are disadvantaged compared to specialized businesses. Businesses could choose to separate their activities in order to benefit from programs, but that is not the route we want to take.

[English]

Hon. Wayne Easter: I agree with you, and that's one of the problems. You could have neighbours: one is a mixed farmer, and you could have one on either side of you who is just in single commodities. Your neighbours would benefit, and you would basically cross-subsidize your own operation. There's a problem with this that we need to address.

This might have been mentioned once during the hearings. But in terms of, say, the production of pork, and the production of potatoes would be another—several commodities really—in some states in the United States, processors are disallowed from being in the production of the raw commodity. What's your view on that for Canada? I don't think it's happening to any great extent in hogs, but it sure is in cattle.

● (1455)

The Chair: It's happening in hogs.

Hon. Wayne Easter: It is happening in hogs as well.

Should processors be allowed to produce the raw commodity? I know what happens in New Brunswick. McCain produces potatoes. They use that to leverage down the prices, really, of the raw material. They take off profits at two levels.

What's your view on this for the industry as a whole?

The Chair: Who wants to go first?

Monsieur Bilodeau.

[Translation]

Mr. Denis Bilodeau: Are you asking whether integrated businesses have created economic ties between commodity production and processing? Is that your question?

[English]

Hon. Wayne Easter: Yes.

[Translation]

Mr. Denis Bilodeau: Our primary concern, which ought also to be that of the Department of Agriculture, is to ensure the sustainability of agricultural production. If a farming enterprise is viable and if, over the years, due to a solid economic performance, it can sustain food production, it may well be appropriate to start thinking about processing. However, moneys earmarked for developing agricultural production should not be used for developing processing infrastructure. To my mind, they are two different fields of endeavour. Agricultural production should take precedence over other areas of activity. If this is not clearly set out, industry, given the profits it stands to make by controlling commodity prices, might at times take advantage of the situation.

Statistics on the percentage of net income and income that farm enterprises get from market prices is in perpetual decline. We therefore get the impression that industry is not living up to its responsibilities either. If farm businesses want to be competitive and succeed on the export market, processing is another aspect we have to keep in mind.

The Chair: Thank you.

Mr. Bellavance.

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you very much.

Thank you for your testimony.

I will go straight to the crux of the matter, because we do not have much time available today. Throughout the course of this trip, by asking questions of producers in other Canadian regions, such as Prince Edward Island and Nova Scotia, I have had the opportunity to sound people out on the issues that you have each raised.

I did not go out West, but my colleague Roger Gaudet did. I am, therefore, aware that there have been differences of opinions on some matters. However, I can tell you that other producers, particularly in Eastern Canada, also raised the matter of their expectations with regard to programs flexibility. They do not want a single program to take precedence over others without any flexibility.

You all went through the consultations for the first Agricultural Policy Framework. Somebody from the UPA, somebody you know well, quipped that he had had enough "inputting" and that it was time for some outputting. Obviously, I would not be here if I did not believe consultations to be important, but I agree that we need to see results.

You went through the first Agricultural Policy Framework discussions. There were endless consultations. However, the report that I got from producers was that your voices had not been heard. The framework gave rise to the Canadian Agricultural Income Stabilization Program. People on the ground said it would not work. They were right, and so here we are consulting again.

In what way do you expect this consultation to be different? We are consulting left, right and centre. The committee is holding consultations, but so too is the government.

Mr. Bilodeau, you were probably in Saint-Hyacinthe or Quebec when the government undertook its consultations for the Agricultural Policy Framework. I know that the Senate committee has also travelled. I do not know if they are specifically addressing the matter we are discussing today.

What are you expecting from these consultations? Do you have any hope left? Are you going to be angry if your voices are not heeded?

• (1500)

Mr. Denis Bilodeau: I take it that is not an invitation!

We appreciate that Canada is a huge country and one that has diverse agricultural sectors and diverse production frameworks.

In Quebec, we have a history of favouring supply management. This means that we operate within a defined framework. As a general rule, supply-managed sectors outperform the others.

However, some sectors face greater onus on export commodities—and that is fine. Nonetheless, it is a distinction that the Canadian government must recognize. If the government wants to unite all Canadian producers, that is something that has to be done.

We are back here before you today with another presentation. We have probably aged a few years since we last saw you, but our problems remain essentially unchanged. We had reservations. When we appeared before the committee during the first consultations, there was much talk of meeting our needs. There was a lot of talk about targeted programming. I have to say, however, that we were bitterly disappointed when, after having analyzed and unpecked the programs, we realized that such an approach would take us where we have ended up today. We saw it coming. Although we are happy to address the matter again today, it has to be noted, as William also pointed out, that since then Canadian and Quebec agricultural enterprise owners have seen their economic plight worsen and their debt increase. Although it pains me to say so, it was the end of the farmer that I once was.

Even when prices improve, we will still be burdened by the debt that we have built up over the past few years. Competitively speaking, we will not be on an equal footing on the export markets, among others, before we rid ourselves of the baggage that has built up over the past few years.

That is why, Mr. Bellavance, the focus must be on the issues and needs raised by the regions and provinces. We accept the importance of working within the parameters of the Canadian approach. What we are looking for is adaptability, complementarity and flexibility.

We greatly appreciate the financial support provided by the Canadian government. It is important to ensure that this money will be earmarked for addressing specific needs in order to improve the situation.

[English]

The Chair: Mr. Van Tassel, be very, very short.

[Translation]

Mr. William Van Tassel: We are here for the producers. We sometimes have the impression that we are not being listened to, but we have no choice: we represent producers, who are in dire need of help. We have to be eternal optimists. Our aim is to make sure that, in these stage two consultations starting in 2008, farmers' demands will be heard.

Canada is a big country, and I know that this is why people talk about flexibility. The needs of eastern producers can be quite different from those of western producers.

We are here for our producers, that's all.

The Chair: A very quick answer, please.

Mr. Richard Petit: The next agricultural policy needs to be developed in conjunction with the farm organizations. If that had been done the first time, the policy would meet producers' needs. We have an opportunity now to get it right, and we need to seize it because this policy will be in effect for five years.

• (1505)

[English]

The Chair: Mr. Devolin, it's your turn.

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thanks, Mr. Chair.

Those were really long for two words. I need to learn to do that, so that if I don't look at the chair, I will get to keep talking.

Mr. Van Tassel, I have a couple of questions for you. I want to talk about the risk management program. I know we talked about this before, but I want to get it on the record here today in this context, in talking about the APF 2.

What has been the response from the Ontario government and the Quebec government in terms of the risk management program? Where are you at with the provincial governments?

Mr. William Van Tassel: In Quebec, we already have a risk management program, our ASRA program. It's a little bit like the RMP, or risk management program, being proposed for Ontario. We've had it since about the middle of the seventies; it was delivered in 1975.

Historically in Quebec, we were getting money from the federal government to help out in times of crisis, which there really isn't right now. Also, I believe ex-minister Vallières talked about it at the last ministers meeting—last week, I believe it was.

In Ontario, the Ontario coalition is working very hard with the provincial government to have an RMP. I don't want to forecast things, but we hope to have an announcement about it later on during the summertime.

Mr. Barry Devolin: Okay.

When the presentation was made, it was said more as if you had a proposal to the government in Ontario for an RMP.

Mr. William Van Tassel: There's a proposal for the RMP, yes.

Mr. Barry Devolin: I have a general question for any or all of you, if you want to respond.

This is my third day of hearings; I wasn't out in western Canada with the committee last week. We've heard many consistent themes. At each meeting we hear a few different or unique ideas, but the themes are consistent, and we hear a lot of broad statements on principles.

My question is, given that the government is going to rewrite the APF, is there one thing you would like to see in it? If you can be specific, is there some particular or specific thing that's doable that you would actually like to see in the new document?

The Chair: Mr. Van Tassel.

Mr. William Van Tassel: Yes, the one thing would be flexibility. Flexibility so that we'd be able to go to where the needs are in each region. That is what one part should be.

Also, we would like to see that our needs, what we asked for, are in it.

The Chair: Anybody else?

[Translation]

Mr. Denis Bilodeau: Yes, but in order for the money that the government invests in agriculture to be spent properly, it needs to be spent in line with other priorities as well. I can tell you that the need to adapt to federal programs has meant that years have been practically wasted because of the energy and money spent in tweaking some of the programs so that producers could receive money. But the objectives were the same.

I remember certain situations, including the one with the farm business advisory services. Quebec has worked very hard in the farm management area to put systems in place that work well. The intention behind the federal farm assessment program was good but for some producers it created duplication. There was no added value as a result of the funding. If the program had complemented what Quebec was already doing, the results would have been different.

Regarding the Canadian Farm Families Options Program, I have to say that we received the news yesterday. It is quite different from what we had in mind. We want producers to be able to earn a farm income separate from their family income. We do not want government, through their agricultural departments, to get involved in family income; they should stick to the farm side. We want farms to be viable and profitable through their production. The family income will then follow.

These are substantial amounts of money, after all. It was announced yesterday that the money would no longer be available or the criteria would be stricter for new businesses. Richard mentioned earlier that there needs to be a more concerted approach and more sharing in order to identify needs and policies. We agree that there is a need for this kind of Pan-Canadian approach, but we want the federal and provincial funding efforts to complement each other. William talked about flexibility, and that is really what people are looking for and demanding. The rest will follow.

• (1510)

The Chair: Thank you.

[English]

Mr. Atamanenko.

[Translation]

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Good afternoon and thank you for being here.

As we travel around, we regularly hear that there should be a program for disaster relief and it should address needs right away. It would exist independently of the other programs and would apply in the case of natural and semi-natural disasters.

Do you think it would be a good idea to establish a program like that, with pre-defined criteria and the flexibility you have just mentioned? It would kick in right after a disaster. During my short career, I have seen some situations, including flooding in Saskatchewan. In those kinds of cases, the federal and provincial governments cannot come to an agreement, and farmers wait. A decision is finally made and that happens somewhere else.

Do you think that establishing a program of that kind should be our priority?

Mr. Denis Bilodeau: Yes. It has been difficult to get help this past year to producers who have been dealing with the nematode and have been threatened with bankruptcy. The current program involves mandatory reporting. That is a great thing and it came up when we had the BSE problem. It is certainly a good idea to confine the problem to the affected region, so that it does not spread to all of Canada. For that to happen, however, we need programs that provide adequate compensation to producers who may be marginalized and blamed, and the assistance needs to be targeted. The government had a good understanding of the problem we were dealing with last year. Producers had to be assisted and supported. In some case, the CAIS program seemed to be effective, but in other cases producers received only 60% compensation, which makes no sense.

When we had the hog crisis in Quebec, there were pre-defined mortality rates under the programs. But in a crisis situation, when there is disease or an epidemic, the program does not apply. Extra funding is needed to deal with those situations. Other programs need to be created to deal on an ad hoc basis with specific situations and specific needs.

The same thing can be done for grain producers. That type of program used to exist outside the income security mechanisms, and it applied in disaster situations to meet specific needs.

Mr. William Van Tassel: It depends on the disaster. My view on this is a bit different from that of my UPA colleague.

For grain producers, crop insurance generally applies when there is a one-time problem that lasts for a year. It sometimes applies in disaster situations. But does the fact that grain prices are low for a long period of time not constitute a disaster? There needs to be a definition of what constitutes a disaster. That is why I talked about a disaster program. We need a bit broader definition. Low grain prices for an extended period also amount to a disaster.

• (1515)

Mr. Denis Bilodeau: A disaster—

Mr. William Van Tassel: That is what causes a disaster.

Mr. Richard Petit: Our organization favours the creation of a disaster relief program. The current discussions on CAIS would have CAIS apply first, with all its flaws, and then a disaster relief program. Things can't work that way.

Mr. Bilodeau gave the example of potato producers and horticultural producers. They have to destroy their crops when there is no compensation program for them. They are told to wait to see what CAIS will do, and then they will get help for the clean up, etc. The first thing producers need is to have their earnings restored to the level they would be if the disaster had never happened, and then they can access the regular programs. If the farm income has not gone down, CAIS will not kick in.

Producers are not looking for double compensation, but we want our losses to be covered in the order in which they were incurred. The disaster-related losses need to be addressed first and then CAIS can be applied to the farm income. Otherwise, we will see the same problems as with CAIS. Producers with other sources of income will have to destroy their potatoes, but the other income will be used to cover the lost crop. That does not make sense. Other producers will

receive compensation for their potatoes. The disaster needs to be dealt with first and then the regular programs can be used.

[English]

The Chair: Thank you, Mr. Atamanenko. Your time has expired.

Mr. Hubbard is next.

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

We've had a lot of terminology. I think a general consensus is that governments could all become involved in terms of disaster research, training, infrastructure, environment, and taxation. I was also interested in the concept of collective bargaining—or collective marketing, as you call it here.

In talking about the report we will write, William, you used the phrase, "make sure our needs are met". I think if we write that, some level of government is going to ask what it will cost to meet those needs, just of your sector. Theoretically, we put a lot of federal money into agriculture; at least, that's what the ministers always tell us. It's probably never enough in terms of what our constituents say, but in terms of the phrase you used in your presentation, what would it cost some level of government to meet the needs of your sector, those 40,000-some growers in Ontario and Quebec?

Mr. William Van Tassel: For Ontario and Quebec, we could put out figures, but I'll go for all of Canada, where it would be a national program with provincial flexibility.

There was a study done around 1999 by Agriculture Canada, giving the costs to Canadian grain farmers caused by foreign subsidies, the Farm Bill and also Europe. In those days they were talking about \$1.2 billion, if I remember right. That's the last Farm Bill. The Farm Bill from 2002 aggravated the hurt. So probably we're calculating \$1.5 billion or \$1.6 billion for the hurt caused by foreign subsidies.

Hon. Charles Hubbard: In terms of what the federal government put in over the last few years, certainly it's much more than that, yet your sector—I'm not trying to pick you out in particular, but you did use that phrase. Do you think you got that much, \$1.2 billion, out of these programs?

Mr. William Van Tassel: It's because a lot of money went out but it was not well targeted. That is the problem. When it's not targeted, it goes out all over the country into eligible net sales. The ones that are touched most, their net sales are down lower, so they get less. So really the ones who have the most hurt, when you work by eligible net sales, get the least. So really the hurt hasn't been addressed. That's why we're still here. But I agree there's a big amount that comes out every year.

• (1520)

Hon. Charles Hubbard: You think the programs really are not going to where they should go.

Should size be a factor in terms of how much money an individual farm gets?

Denis.

[Translation]

Mr. Denis Bilodeau: Yes. This involves large sums of money, and there is a staggering number of needs that must be met.

There has been an influx of money for the Agriculture Policy Framework in Quebec over the past years. If I am not mistaken, it amounts to more than \$200 million. Nonetheless, there is something worrisome about this situation. I mentioned it earlier. We soon realized that we were losing farming operations, as they were going bankrupt and in the red.

Indeed, there was an influx of money in certain places. However, some places probably did not need so much. In Quebec, there is a saying that we should not undress Peter in order to dress Paul. We do not want to end up in such a situation. When we have money and if we want to intervene and ensure the maintenance of farms, we must make sure that the economic climate is favourable to them so that they can at least be viable. There are specific cases in which the government must intervene.

The issue of collective marketing is also one of our priority objectives. I am an agricultural producer who primarily expects to sell the products of his farm and get the best possible revenue from the market. I want consumers to pay for the real value of my products. We expect interventions to fill the gap between the cost of production and the market price. The collective marketing approach developed in Quebec helps us to reach these objectives, to the satisfaction of producers.

In some presentations, I saw diagrams showing a very elaborate kind of government intervention. The missing part has to do with the net income from the market. We must not abdicate, we must still do our best to get revenue from the market. Thus, the Canadian government must work on programs to support the economics of farm businesses.

This is being done in the United States. The American government constantly works on this basis. It succeeds in creating a favourable economic climate for agricultural enterprises and this enables them to make a profit. They can develop at various levels in a favourable and positive environment.

[English]

The Chair: Thank you, Mr. Hubbard.

Mr. Miller.

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

Gentlemen, thank you very much for being here today.

Bill, it's the first time I've seen you away from Ottawa. It's good to be here.

I haven't heard much discussed today about farm credit. This relates, Mr. Petit, back to your comments about keeping young people on the farm. We did have a good presentation from some young people this morning. I presume there's Farm Credit

Corporation this year in Quebec, the same as it is—What is its role? How could it be improved to maybe help agriculture in general, but specifically the young people? Is there anything we could do there that it might improve?

[Translation]

The Chair: Mr. Petit.

[English]

Or Mr. Bilodeau, whoever wants to answer.

[Translation]

Mr. Richard Petit: In Quebec, we have Farm Credit Canada, as well as La Financière agricole du Québec. They had implemented several programs to help transferring farms to the new generation.

We must strive for a more integrated strategy. Funding can be of some help. However, the transfer should not only be based on debts assumed by the young generation. Of course, they must contract debts to set up their farms, but at the same time, we need a more integrated strategy. Such a strategy would offer tax breaks to those who transfer their farms. Thus, they would not have to be dismantled.

We must have a strategy for this. We must facilitate the transfer of farms from generation to generation, and this does not necessarily have to be a transfer from parents to children—

• (1525)

[English]

Mr. Larry Miller: Okay. Yes. We've heard them, and I agree with that. I think there are things that we could do—

The Chair: William wants to have a word.

Mr. William Van Tassel: It's a lot less mileage, to start with, to come to the meeting here, so thank you for having it in Quebec.

One thing I would like to talk about is this. When you talk about farm transfers and Farm Credit Canada, really the biggest problem for farm transfers is that we don't have a climate for profitability on the farms. If we had a place where the farms were very profitable, it would certainly be much easier having a transfer. I think that's the biggest problem we have to work on.

Mr. Larry Miller: Yes. That's a good point.

Bill, the next one was for you anyway. You talked about flexibility from region to region, and this isn't the first place we've heard this. We've heard about flexibility right from the east coast this way, and I don't have a problem with that. In fact, I'm starting to be convinced that we need to be a little more flexible, because we're a big country and things are different.

At the same time, a government won't want to and certainly can't treat one area better than another or treat one worse than another, and that's where the problem evolves. I guess it's going to take somebody smarter than me to design a program that will work that out. You'd have to agree with me that there are certainly some complications there.

About suggestions on how we can make that regionalized and at the same time keep it fair, treating everybody the same and that kind of thing, is there anything you can add to that?

Mr. William Van Tassel: About flexibility, probably you'll hear it again tomorrow in Ontario, but what we're asking for is a national program, and certainly there would have to be federal guidelines. We're not asking more for one region than for another; we're just asking where the herd is, so it's addressed.

I'm not an expert. I wouldn't be able to put up a program either. But there could be national guidelines in order to see how it would be worked out for each region and province.

Mr. Larry Miller: Okay.

One thing we've heard about here is the environment. And farmers in Ontario, I know, and I think here in Quebec and probably in most provinces, are being made to do things to protect the environment and protect the water. That's good, and I agree with that. But it's for the public good; it isn't just for the people who live on that chunk of land. So would everyone pretty well agree that society as a whole should be sharing in that cost because we all benefit from it?

Mr. William Van Tassel: Yes.

Mr. Larry Miller: For once, we get everybody agreeing on something.

Voices: Oh, oh!

Mr. Larry Miller: That's good.

The Chair: Thank you.

Monsieur Crête.

[Translation]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): You showed us a table comparing agricultural debt in the United States and in Canada. This table almost seems like an alarm. Am I excessively alarmed?

In my riding, for the last six months or even the last year, farmers have been coming to me to speak of real concrete problems.

According to what you are saying, is it urgent to take immediate practical measures? If interest rates were to rise by 2 or 3% tomorrow, would it be disastrous? I would like to hear what you have to say about this.

Mr. Denis Bilodeau: This is certainly urgent, not only for the export markets where we face competition, but also with regard to domestic production. The level of debt contracted over the past years will still be with us for several more years. You can see this for yourself because you come from a rural riding. There is no improvement in the environment. The situation of agriculture in Canada and Quebec is the same. Currently, we are hearing from producers and fellow citizens in other provinces that their situation is equally catastrophic. Clearly, we must remedy the situation.

On the other hand, we see that interventions in other countries are sometimes better targeted, more profitable and allow producers to stay in business. Twenty years ago, farm debt was at the same level in the United States and in Canada. Things have changed since then.

• (1530)

Mr. Richard Petit: Currently, the cost of interest for farms, in terms of the percentage of expenses, is about the same as when the interest rates were around 8 to 12%. Normally, they should only be

half that much, but because of the increase in debt, the amount of money paid for interest has remained the same. If the rates go up 50%, there is 50% more to pay. Thus, the burden of interest will increase in a situation that is already difficult.

Mr. Paul Crête: Can we make a comparison, for instance, and say that 5% of farms are at a red light and 20% of them are in jeopardy? Would you say that this is a case of the Pareto law, namely the 80/20 rule?

Mr. Denis Bilodeau: Our data comes from Statistics Canada. We see that the net farm income in Ontario will be negative. In Quebec, it will be slightly positive due to provincial intervention, substantial as it is. This was a matter of speculation. Probably, we were not lucky in recent years. Undoubtedly, certain events had an impact on the situation. The BSE crisis had an impact. The effect of the American Farm Bill on the price of cereals had an impact, and the scars are still there. Perhaps, Canada did not react in the right way to all these events, because our farms have had to bear the impact and went down every year.

Mr. Paul Crête: You spoke of flexibility regarding BSE. More flexibility in the past could have lessened the impact. I am the new financial critic for the Bloc Québécois. We have before us your table that you prepared for the March 19 budget. Regarding next year's budget, what would you like to see in it? Is money the issue, or does the issue have to do with the way in which money is allocated? If you were asked to comment on the next budget and if you found that it was good for agriculture, what would be its best point?

Mr. Denis Bilodeau: The sky is the limit.

Mr. Paul Crête: No, let us stay within the bounds of financial reality—

Mr. Denis Bilodeau: That is what I mean.

Mr. Paul Crête: —actually, the government is in charge of the budget.

Mr. Denis Bilodeau: We often hear about flexibility. In Quebec, income security programs are based on production costs. As I just said, we must make sure that we provide tools with which we can get the maximum income from the market. That will also take some work.

Earlier, we spoke of identifying products on a real basis. We must give consumers an adequate choice of products. This must not be hidden from sight. Whenever 51% of the added value comes from Canada, the product becomes a Canadian product or a Quebec product, even if there is absolutely no Canadian or Quebec content in the jar. We don't eat the jar, but the contents should be a Canadian or a Quebec product. We must work on certain things to improve our collective situation. The money will come as a result. We must be flexible in meeting the needs. We must implement programs and allocate budgets so that we can reach our objectives.

[English]

The Chair: Mr. Van Tassel.

[Translation]

Mr. William Van Tassel: In answer to your question, I would like the next budget to allocate funds for a program that would supplement CAIS program by taking into account other kinds of problems, for instance, the impact of the Farm Bill. I think that is what we would need.

The Chair: Thank you.

[English]

I have a few quick questions.

One thing that hasn't come up here today, which has come up in every other province we've been in, is mostly why you haven't talked about the restructuring in the hog industry in Canada. It's been of concern in just about every other province, with the closure of Maple Leaf, or the restructuring within Olymel. I just want to find out what's going to happen here in Quebec.

The other issue we haven't talked about in any great detail was biofuels and how that is being received here in Quebec. Is it positive? Is it negative? We've heard that in some places people are concerned about impact on feed prices, and in other places they think it's great.

I want to get quick comments on those two issues.

Mr. Roy.

• (1535)

[Translation]

Mr. Pierre Roy: In Quebec, in the pork production sector, production networks are currently being created. Some would like to establish a uniform standard for pork in every region. However, since 2005, various needs have come up, for instance, there is a demand for natural pork, or biologically-raised pork.

The federation has noted that pork marketing must answer to various needs. In my opinion, Quebec will set an example by creating new markets to meet the consumers' needs as much as possible.

[English]

The Chair: Mr. Van Tassel.

Mr. William Van Tassel: I would like to comment on biofuels. People might be afraid that the price of grain will go up. I hope it does go up, to tell you the truth. It's not the price of grain. The price of corn is based on the Chicago Board of Trade, so if we have biofuels or not, the price of grain is still going to go up. How it helps the grain farmers here in Canada is that it puts up the local price a certain amount. It puts up the value here in eastern Canada. It puts the value of replacement up somewhat, let's say, compared to American corn. It's a plaster, but it won't address all the needs. It helps the grain farmer, but we can't say it will fit everything.

The Chair: Monsieur Petit.

[Translation]

Mr. Richard Petit: With regard to biofuel, we take the following position. It would be very good to have a policy in this regard, but it

must not replace agricultural policy. This distinction must be drawn. If biofuel production is aimed at decreasing greenhouse gas emissions in order to reach the Kyoto objectives, we agree that this sector should be developed. Nonetheless, this must not replace an agricultural policy.

If this results in less intervention from agricultural policy, so much the better. As Mr. Van Tassel mentioned, the increase might not materialize in the grain sector, or there could be an impact on the livestock sector. We need an agricultural policy to support the agricultural sector. Agriculture policy cannot be transformed into energy policy. We need a real and viable agricultural policy. This is our position.

[English]

The Chair: Mr. Easter. And you promise to very—

Hon. Wayne Easter: Mr. Chair, William made the point that maybe there is or maybe there isn't enough money, but it may be targeted wrong. After that, I added up the numbers on all the programs since 2003. The federal share of programming since 2003 to the end of 2006 in Quebec was \$847 million. I might be out \$3 million or \$4 million. That's a whack of money, and we're still going under. That's under 14 different programs that the money was spread across. It is a lot of money, and still we're not meeting our income target, so it tells you the extent of the problem.

There is money coming out of the federal government, and there is the Quebec share on top of that, which is fairly extensive, but it is still not meeting the needs of income levels at the farm gate. Those are astronomical numbers. The farmers are still taking a hit even with those numbers. It's hard to believe.

• (1540)

The Chair: There's a question there. You have a good point.

Do you want to say something, Mr. Van Tassel?

Mr. William Van Tassel: It was almost more a comment than a question. I agree that big amounts came out. As I was saying, it's been really targeted differently. If you look at the graph on page 10 that was handed out on the farm debt, and if you look at the part since 1994-95 when the Uruguay Round finished and the policies changed, then you will see that the farm debt in Canada went up a lot.

What we're saying is that we have to target it a certain way for it to be more effective. I agree that big amounts went out, and personally, if I could get my entire amount out from the market, I certainly would, but we don't get it right now. We have to think in the long term. We want to have farms for our children and our grandchildren, and we need agriculture in the long term.

So yes, it's a big amount, but I think we need it.

Hon. Wayne Easter: We need more.

The Chair: I want to thank all of you—

It has to be short, because we're out of time. Monsieur Bilodeau.

[Translation]

Mr. Denis Bilodeau: We did not come here to say that the federal government is not investing in agriculture. We know that it is making interventions. We recognize and we appreciate that fact. As a matter of fact, we came to tell you that we need more flexibility. We are working in a North American environment. With regard to beef, for example, American producers benefited from a series of favourable prices over recent years. The prices reached record levels. Those people are in a very enviable economic position. Their companies have developed cash flows. On the other hand, in Canada, we were the victims in this situation.

You say that interventions are being made, and that large sums of money are involved. But the large sums of money have to fill a large gap. If we had been able to throw off the shackles of the embargo, we could have solved the problem. A cyclic rise in prices was expected in the beef industry, we missed it completely. We are still

hoping that the embargo will be lifted. If it is lifted, we will end up in a cycle of low prices.

What we want is to create a positive environment that will foster agriculture. This does take some money, but we surely do not have to fill a bottomless pit. We are quite aware of the fact.

[English]

The Chair: I agree. I'm a cow-calf producer, so I would love to see the market get better on the cattle side. It's been tough for the last few years, that's for sure.

I want to thank all of you for your presentations. They're going to help us with our report. It's been great being here in Quebec. This is an area of Quebec I haven't been to before, and I enjoyed the drive out. We're going to do a little bit of a tour this afternoon yet. We're looking forward to that.

With that, we adjourn until tomorrow morning in Ontario.

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.