



**HOUSE OF COMMONS
CANADA**

**REPORT ON THE FACT-FINDING MISSION ON
CANADA'S NEW AGRICULTURE AND AGRI-FOOD
POLICY**

**Report of the Standing Committee on
Agriculture and Agri-Food**

**James Bezan, MP
Chair**

JUNE 2007

39th PARLIAMENT, 1st SESSION

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THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

has the honour to present its

FOURTEENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the Agriculture Policy Framework

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FACT-FINDING MISSION ON CANADA'S NEW AGRICULTURE AND AGRI-FOOD POLICY

INTRODUCTION

Canadian agriculture is much like Canada itself: dynamic, diversified, enterprising, complex, highly regulated and in debt. In its cross-Canada fact-finding mission, the Standing Committee found that Canadian farmers had a clear understanding of their complex industry and had many solutions to propose. Committee members, who spoke with farmers and other agricultural stakeholders, noted that farmers also had clear ideas about what the new agricultural policy should contain. Their comments were specific, articulate and expressed from a perspective that could well be integrated into a future agricultural policy.

The Standing Committee's fact-finding mission took place a few months after the initial consultations were held by the federal, provincial and territorial governments (FPTG), under the aegis of Agriculture and Agri-Food Canada (AAFC), and this of course influenced the topics for discussion among the witnesses and Committee members. The themes discussed during the FPTG consultations – renewal, market development and trade, food safety and quality, environment, innovation and science, and business risk management – were addressed again, but farmers took their ideas a little further with the Standing Committee.

The farmers clearly showed their confidence in the parliamentarians, which made it possible to go beyond the questions and ideas raised in the previous round of consultations. Standing Committee members heard about specific issues, such as the bureaucratic logjam in certain programs, the divergent visions of farmers and program architects, and the farmers' feeling that they are being listened to, but not necessarily understood, when it comes to refining a specific policy or program.

A number of witnesses told the Standing Committee that government **spending in agriculture must be seen as an investment**. However, every investment must be made

There is need for fundamental changes in the industry. There needs to be fundamental shifts in focusing research and development, ensuring the regulatory environment is efficient, ensuring opportunities and the necessary tools are transferred to primary producers and perhaps most important, a fundamental shift in how policy is developed.

Canadian Federation of Agriculture, *A Canadian Farm Bill: A New Vision for Canadian Agriculture*, Draft Discussion Paper, January 2007, p. 1.

on the basis of an in-depth knowledge of the needs of the sector invested in, of the potential value-added created by the investment and, lastly, of the direct and indirect effects that a policy might have on the various activities in the industry. The more complex the sector – as agriculture can be – the more imperative it is that the

investment be well targeted, even more so when the amounts invested come out of limited public funds. As for any investor, the onus is also on those who draft the policies to be accountable for their decisions.

The sections of the Standing Committee's report do not exactly follow the thematic areas discussed during the consultations on Canada's new agriculture and agri-food policy, but they cover most of the specific and relevant topics raised in the public hearings. The recommendations in this report were based as faithfully as possible on the topics and ideas of the farmers and other stakeholders who appeared before the Standing Committee. In some instances, they repeat almost verbatim the recommendations made by the farmers themselves.

ONE VISION FOR THE FUTURE OF AGRICULTURE

A. Two Visions of the Same Sector

The Standing Committee hearings highlighted an apparent dichotomy between the vision of farmers and the vision put forward by FPT governments for a new agriculture and agri-food policy. The following vision was provided in the discussion documents published by Agriculture and Agri-Food Canada:

An industry that is innovative in seizing evolving market demands for food and non-food products and services within an environment that fosters prosperity and opportunity for the entire value chain, creating benefits for all Canadians.¹

This statement did not contain the words “farmer,” “agriculture,” “agri-food” or “primary sector.” If the two references to “food” were removed, it could serve as a vision statement for any Canadian industry. Moreover, in focussing on the “demand” for food products, **the vision almost entirely ignores the need for primary production**, as demand could be satisfied through imports.

The Standing Committee is aware that agriculture is part of a lengthy, multi-level value chain comprising farmers, processors and retailers. Moreover, since farmers are Canadians, they should also be benefiting from the prosperity mentioned in the vision. Nonetheless, it is surprising to note the absence of any reference to agriculture in the Department's vision. By comparison, the vision put forward by several farm groups and therefore supported by many farmers, has the merit of reiterating the concept of the agriculture chain, one that focuses primarily on agriculture (primary production) rather than on the demand for food products, which could substantially be met with little domestic

1 Agriculture and Agri-Food Canada, *Proposed Vision for the Agriculture and Agri-Food Sector*, Federal - provincial - territorial consultation paper, http://www.agr.gc.ca/pol/consult/index_e.php?s1=subscribe&page=vision

production. A reading of the Canadian Federation Agriculture's vision illustrates the divergent views held by farmers and government officials about the future of agriculture in Canada:

Canadian agriculture and agri-food as a vibrant, dynamic industry, where all partners of the production chain have the opportunity to succeed, be profitable, and are world leaders as solutions providers for the world's economic, environmental, and health objectives.

The difference in perception is even more obvious when rural issues are addressed. One AAFC consultation document contains the following passage:

While still important, agriculture can no longer be considered the main driver of rural Canada. In large parts of the country, mining, forestry or fishing are more significant primary industries. In all parts of the country, agriculture plays a smaller economic role than the service sector. As a result, while the land of rural Canada is highly agricultural, the people of rural Canada are not. As the rural economy derives only a small share of its income and employment from agriculture and agri-food (...), rural issues are increasingly distinct from agricultural issues.²

On the other hand, the CFA states:

Agriculture and agri-food is the backbone of Canada's rural communities. (...) The majority of these expenditures occur in rural communities and in turn provide a host of spin-off industries and economic flow within these communities. Agriculture and agri-food production, innovation and service are the life-blood of rural communities.

Most importantly the industry is a provider of high quality, safe and environmentally responsible foods to the Canadian people.

These excerpts clearly illustrate two different visions of agriculture. They also confirm many of the concerns expressed in comments made to the Standing Committee. In developing a vision for an agriculture and agri-food policy, the focal point must be primary agriculture. The members of the Standing Committee are pleased to see that the vision statement has been redrafted and pays more attention to the importance of agriculture, but they feel there is still room for improvement. Therefore,

RECOMMENDATION 1

The members of the Standing Committee recommend that the vision for the next generation of agriculture and agri-food policy must place more emphasis on farmers and on primary agricultural production.

2 Agriculture and Agri-Food Canada, *Next Generation of Agriculture and Agri-Food Policy - A Discussion Paper: The Canadian Agriculture and Agri-Food Industry*, http://www.agr.gc.ca/pol/consult/docs/pdf/Discussion_Document_e.pdf

B. Agriculture and Agri-Food Canada's Corporate Memory and the Design of Agricultural Policies

On a number of occasions, both during its fact-finding mission and in the meetings held in Ottawa, the members of the Standing Committee heard comments about the AAFC's loss of expertise. No one has questioned the professionalism of departmental officials, but industry representatives mentioned that over the past few years they have noted, in their dealings with officials, an erosion of their knowledge about day-to-day agricultural realities.

The AAFC, along with the other departments in the federal public service, is facing a succession problem. A number of managers who began their careers in the 1970s, and who were experienced in agricultural policy development, have now retired. It is estimated that 15% of senior AAFC officials are already eligible for retirement, and in four years there may well be 40% in the same situation.³

Even with the most dedicated and competent staff, maintaining the corporate memory is essential for the development of agricultural policies that are tailored to suit the needs of Canadian farmers. But in order for this institutional memory to be passed on to the next generation, there must be a next generation. During the hearings in Gimli, Manitoba, the Standing Committee heard a vibrant plea in this regard from the Associate, Faculty of Agricultural and Food Sciences, University of Manitoba:

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. (...) 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.⁴

In this context, the Department will likely find it more and more difficult to pass on the expertise it has acquired over the years. Senior departmental officials say they are aware of the problem, but, according to farmers, this loss of expertise is already having an impact. Therefore,

3 Barry Wilson, *Retirements Loom at Ag Canada*, Western Producer, 3 May 2007.

4 Karin Wittenberg, Associate, Faculty of Agricultural and Food Sciences, University of Manitoba, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 54 – 15:40, 1st Session, 39th Parliament, Gimli, Manitoba, 19 April 2007

RECOMMENDATION 2

The Standing Committee acknowledges the competence and professionalism of the employees of Agriculture and Agri-Food Canada and the agencies associated with the federal agriculture portfolio, but is concerned about a general decline in expertise with respect to agricultural policy development and a certain lack of background knowledge on the part of officials regarding daily farm activities. The Standing Committee recommends the immediate development of a revitalization plan for Agriculture and Agri-Food Canada, including partnerships with the provinces, their universities provincial colleges, to promote recruitment and education in agricultural programs. Furthermore, the Standing Committee recommends that the Department take advantage of the expanding National Area of Selection for its recruitment.

C. A Long-Term Vision with Measurable Indicators

The witnesses were unanimous on a number of issues, one of which was the need for a long-term vision for agriculture. Another was the ability to measure progress and success in any new agricultural policy. The current Agricultural Policy Framework (APF) was developed for a five-year period; some of its programs have not been particularly successful, but they have survived due to the fact that their vision and targets were ill-defined and difficult to evaluate.

Canadian farmers appreciate being consulted on the development of a new agricultural policy, but they would also like to be seen as partners in its ongoing application. As the Committee noted above, government spending in agriculture must be considered an investment. As the form of that investment remains the cornerstone of our agricultural policy, its results must be evaluated and, perhaps even more importantly, the architects of the policy must be accountable by establishing measurable objectives.

Throughout the 1980s and in the early 1990s, AAFC held an annual Outlook Conference for Canadian agriculture, which gave politicians and farmers an overall view of the state of affairs with regard to farm income, and set out the orientation of policies and programs. This public forum also provided an opportunity for discussions with government officials, who are responsible for the development and the implementation of the policies. Therefore,

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. (...) 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.

David Rolfe, President, Keystone Agricultural Producers, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 54 — 13:20, 1st Session, 39th Parliament, Gimli, 19 April 2007.

RECOMMENDATION 3

The Standing Committee recommends that Agriculture and Agri-Food Canada reinstate the annual Outlook Conference for agriculture, which enables the Minister and Department officials to present and explain evolving policies and agricultural programs, and to present market projections.

D. An Advisory Committee for More Effective Co-operation

In the national programs that are in place there are really three parties. There's the federal government, provincial government, and the producers. From our experience, as producers, policy development in the past has taken place with two levels of government negotiating on the policies and programs while only consulting with producers.

One thing that raised this issue with producer groups, and us, was when the federal government disbanded the National Safety Nets Advisory Committee. It was a committee that was comprised of all the major farm organizations in Canada. Despite government's assurances when they cancelled the program, once again it raised the issue of how well the federal and provincial governments are listening to producers.

One of the first recommendations we would like to make to this Standing Committee on Agriculture and Agri-Food would be to reinstate the National Safety Nets Advisory Committee, or some similar committee comprising all the national farm organizations, to work closely with the federal agriculture minister on farm policy development and programs.

Lynn Jacobson, President, Alberta Soft Wheat Producers Commission, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 50, 13 :45, 1st Session, 39th Parliament, Olds, Alberta, 17 April 2007.

The boxed text needs no further explanation. Therefore,

RECOMMENDATION 4

In order to maintain close ties with the federal Minister of Agriculture and Agri-Food, the Standing Committee recommends that the federal government establish a National Advisory Committee on farm policy development and programs, comprising representatives of all national farm organizations.

MARKET DEVELOPMENT AND TRADE

A. International Trade: A More Aggressive Approach by the Federal Partner

The evidence as a whole showed that Canada must trade, that access to export markets therefore remains a key factor in agricultural policy and that the new policy should

How is it, according to the statement you just made, that the US can virtually instantly respond? It's not just pork; it's anything that they might see as an action that hurts their agriculture, a product coming from virtually anywhere, specifically Canada. You know what BSE and so on did to us. (...) when it comes to cherries, why is there not an immediate fast-track action? Why can't that be sought after? It's being done south of us, and we need to do the same thing here. If we want our industry to survive, after the fact is of no value to us. (...) once the product gets here, it's too late. The problem is making sure we understand what that product will land at, and then you will know instantly that a trade action is necessary here. It has to be absolutely as quickly as possible, but there should be advance warning by somebody who monitors it.

John Savage, President, Delta Farmers' Institute, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 48 – 14:05, 1st Session, 39th Parliament, Penticton, BC, 16 April 2007.

provide a better framework for our trade strategy. The boxed comment is very representative of a certain line of thinking among Canadian farmers: they expect the Canadian government to be more aggressive and dynamic internationally, both in enforcing agreements more firmly and facilitating international market opportunities. A few witnesses suggested that a price floor be set in the horticultural sector in Canada to prevent cheap imports from taking over too much of the market traditionally occupied by domestic production. That approach, although appealing, also raises a threat of trade

reprisals that is best avoided. Canada's firm stance on trade must be based on unassailable measures.

The bovine spongiform encephalopathy (BSE) crisis showed that markets can close quickly and stay closed for too long without any valid scientific reason. The agri-food industry believes that it has responsibility for market development, but that the government must be an open ally ready to take risks and to firmly defend its international trade positions. In that perspective, many farmers are not satisfied with the way trade disputes are settled. Therefore,

RECOMMENDATION 5

The Standing Committee recommends that the federal government defend Canada's trade interests aggressively by being firm and dynamic in enforcing international agreements and facilitating market opportunities.

Further, the Committee recommends that the government establish a quick-response team for trade issues that negatively affect farmers.

B. A More Aggressive Stance on Bilateral Trade Agreements

A number of witnesses believe that the development of foreign markets should not be based solely on an overarching World Trade Organization (WTO) agreement, particularly since multilateral negotiations often stall and, in such cases, are likely to slow the development of certain markets in the short term. Bilateral trade negotiations are seen to be a strategy that should not be neglected. Therefore,

RECOMMENDATION 6

The Standing Committee recommends that the government explore market development opportunities more intensively through bilateral trade agreements, while continuing multilateral trade negotiations.

C. On Food Sovereignty

The concept of "food sovereignty" emerged at a number of the Standing Committee's meetings and it aroused some interest. Food sovereignty can be defined as recognition of the need to maintain a certain level of production capacity. Following the events of September 11, 2001 in New York, food sovereignty was the subject of a recommendation in the Standing Committee report dated June 2002.⁵ The concept also covers education on the origins of foods. Canadian consumers spend less than 10% of their income on food, but the availability of cheap food masks the efforts made by Canadian farmers to supply high-quality products at good prices.

In its June 2002 report, the Standing Committee stated that Canada had a great deal to learn from the United States, and especially from the European Union, about education and public information on agriculture. Witnesses at the 2007 hearings on the new agriculture and agri-food policy confirmed that consumers have, to a large degree, lost sight of the notion of agriculture, that is to say of the primary origin of the foods they eat. It is the Standing Committee's view that the federal, provincial and territorial governments should use the new agriculture and agri-food policy as a lever to raise the profile of agriculture and enhance the respect that should be shown to farmers. Without necessarily going so far as to promote the buy-local concept as a strategy for respecting the environment, and providing information on the value of agriculture to a country, any campaign for promoting the purchase of Canadian products will help increase awareness of the origins of food and the importance of agriculture. Therefore,

5 Standing Committee on Agriculture and Agri-food, *The Future Role of the Government in Agriculture*, Fifth Report, 1st Session, 37th Parliament, June 2002, Ottawa.

RECOMMENDATION 7

While remaining sensitive to the fact that agriculture education and awareness programs for the public are primarily the responsibility of the provinces, the Standing Committee recommends that the federal government financially assist market promotion initiatives introduced by farmers, such as “Buy Local” or “Buy Domestic” campaigns, which can be a powerful and useful vehicle for public information.

Furthermore,

RECOMMENDATION 8

The Standing Committee recommends that farmers’ strategies to market products internationally be increasingly supported by various federal departments.

D. Product of Canada or not?

The "Product of Canada" designation was the subject of extensive and passionate discussion because of what it is supposed to represent: a high-quality product, governed by some of the highest standards in the world. And yet, with globalization, greater circulation of agricultural products and the food processing that is carried out at many levels in a number of countries, this designation and its counterpart "Made in Canada" are no longer as accurate as they used to be. Under Canadian legislation and regulations, for products to be labelled "Made in Canada":

- (1) at least 51% of total direct manufacturing or processing costs must be Canadian;
- (2) final significant processing must have been done in Canada.

Although they recognize that this type of processing creates jobs in Canada and promotes economic activity in the agri-food industry, most farmers feel this type of labelling deceives consumers and undermines the branding of agricultural products grown in Canada. Since basic agricultural ingredients are among the cheapest elements in agri-food processing, ingredients imported from China, Brazil and India maybe expected to become labelled as "Canadian" food products. Even the recently developed "Canada organic" standard would appear to be at risk.

And yet no one would ever suspect that a "Vin de France" was not produced in that country, or question the integrity of a VQA wine from Ontario. With globalization, a long list of new labelling regulations has appeared in many countries to inform and protect consumers: branding by region or production, certified labelling for organic products, fair trade goods, and so on.

Without making it a non-tariff barrier to trade, those in the agricultural community feel generally that there should be better control over the "Product of Canada" designation in order to protect its integrity. With the rise in the number of food safety issues in certain producer countries and standards that are lower than the ones in force in Canada, agricultural products imported for processing and further-processing purposes should not claim the "Canada" name. Therefore,

RECOMMENDATION 9

The Standing Committee finds it unfortunate that, under current regulations, the "Product of Canada" and "Made in Canada" designations may mislead consumers when imported agricultural ingredients are used in the manufacture of value-added food products. The Committee recommends that the government immediately review its labelling legislation and regulations with the goal of implementing a minimum 51% domestic agri-food content rule that would provide better protection for the integrity of the "Product of Canada" designation.

An in depth review of labelling policy appears all the more important since the Standing Committee, on numerous occasions, heard representatives of the various agricultural industries request that a "Buy Canadian" policy form an integral part of the new agriculture and agri-food policy.

Farmers are of course aware that a "Buy Canada" strategy cannot replace export markets, but they feel that the federal government can play a role by using its purchasing power. Therefore,

Another suggestion we have to make things better is what I think is a no-brainer, and that is a buy-Canadian policy. US producers continue to benefit from a buy-US policy for all taxpayer-funded programs and agencies. You're talking military, hospitals, schools, prison systems, all sorts of things. This policy has resulted in great benefits to US producers through the purchase of surplus agricultural products, thus stabilizing and expanding the markets for these products. I've had it argued that maybe you're not supposed to be able to do this under NAFTA or something. Well, the Americans have been doing it for years, so I don't even want to hear that argument. (...) Canada produces excellent agricultural products, which would provide health and economic benefits. The government must adopt a policy of showcasing these products and extolling their benefits. We're proud of our products.

Len Troup, President, Ontario Fruit and Vegetable Growers' Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 60 – 11:10, 1st Session, 39th Parliament, Stratford, Ontario, 26 April 2007.

RECOMMENDATION 10

In support of initiatives to promote and increase awareness of Canadian agricultural products, the Standing Committee recommends that the federal government implement a strategy where Canadian food products are used in its institutional agri-food products procurement.

E. Concentration in the Agri-food Chain

Canadian farmers are concerned about concentration in the agri-food chain, primarily in terms of the retail market. Considering that the government strategy encourages farmers to take advantage of the business opportunities in certain market niches or increase their participation further down the supply chain, concentration seems to be a major obstacle to the development of these markets.

Certain provinces, such as Ontario, and some areas in the Maritimes seem to be more deeply affected, but from the evidence heard throughout the Committee's fact-finding mission, no part of Canada is safe from this move toward greater concentration. Excessive concentration in the food retail sector was also examined by the House of Commons Standing Committee on Industry, Science and Technology. Therefore,

RECOMMENDATION 11

The Standing Committee urges the government to adopt a policy to encourage retail chains to allow greater shelf space for local Canadian agri-food products with the objective of increasing the minimum space allowed for franchise owners from 5 to 15%.

The *Competition Act* (hereinafter "the Act") is a vital piece of Canadian legislation that affects virtually all industrial sectors. The purpose of this framework legislation is to ensure that all Canadians enjoy the benefits of a competitive economy, specifically competitive prices, product selection and quality services. Although this legislation is a modern document in its assessment and treatment of various commercial practices, a number of shortcomings in enforcement have been identified. For example, section 50(1) of the Act, on discriminatory and predatory pricing practices, has never been enforced. Furthermore, businesses that abuse their dominant position in a market, by following practices that may include predatory behaviour, can strategically delay Competition Tribunal proceedings in order to continue their anti-competitive practices.

In the hopes of remedying these deficiencies, Bill C-19, an *Act to Amend the Competition Act*, was tabled in the House of Commons on November 2, 2004. Bill C-19 proposed, among other things, to: (1) decriminalize the discriminatory and predatory pricing provisions in the Act in order that these practices receive a full hearing on their likely economic effects, and that such a case will be assessed by the Competition Tribunal with a

civil burden of proof, which has a lower threshold than the criminal burden of proof; and (2) introduce a general administrative monetary penalty (AMP) provision for abuse of dominance in any industry, which would have encouraged businesses in most industries to comply with the Act. However, the bill died on the *Order Paper* with the dissolution of Parliament on November 29, 2005. In *Budget 2007*, the Government of Canada announced that it will “task an expert independent panel to undertake a comprehensive review of Canada’s competition policies and report, before Budget 2008, to the Minister of Industry on options for future legislative amendments.”

Like farmers, the members of the Standing Committee are particularly concerned about the domination and concentration at some levels of the agri-food chain. Committee members are convinced that concentration is detrimental to the development and positioning of Canadian agricultural products in the marketplace. Ultimately, it is farmers and small merchants in the agri-food chain who foot the bill. Therefore,

RECOMMENDATION 12

The Standing Committee supports the comprehensive review of Canada’s competition policy announced in *Budget 2007*. However, in view of the high degree of concentration at some levels of the agri-food chain, the Committee recommends that:

- (1) the government decriminalize the discriminatory and predatory pricing provisions in the Act in order that these practices receive a full hearing on their likely economic effects and that such a case will be assessed by the Competition Tribunal with a civil burden of proof, which has a lower threshold than the criminal burden of proof; and**
- (2) the government introduce a general administrative monetary penalty (AMP) provision for abuse of dominance in any industry, which would encourage businesses in most industries to comply with the *Competition Act*.**

BUSINESS RISK MANAGEMENT PROGRAMS

In Europe, Article 33 of the Treaty establishing a Constitution for Europe states that:

1. The objectives of the common agricultural policy shall be:

- a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;

b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

c) to stabilise markets;

d) to assure the availability of supplies;

e) to ensure that supplies reach consumers at reasonable prices.⁶

This is a strong objective which to some extent explains the success of the European Union's Common Agricultural Policy. It is also the origin of one of the messages heard by the Standing Committee: Canada must provide its farmers with business risk management programs that establish a level playing field with the agricultural policies of other industrialized countries. Similarly, during their fact-finding mission to Washington the members of the Standing Committee heard that farm support programs provided under the U.S. Farm Bill were criticized, but at the same time stabilization payments reached record levels in 2005, while total stabilization and direct payments totalled over US\$9 billion in 2006. Various trade measures used by several producing countries and market protection are other factors that are influencing Canada's capacity to compete and, indirectly, the development of our agricultural risk management programs.

A. Farm Business Risks: omnipresent and difficult to manage

The Standing Committee hearings made clear that business risk management programs constitute the central pillar of the new agriculture and agri-food policy.

Farmers agree on the following general principles: that the programs must be predictable, responsive, bankable, provide some flexibility and be consistent with Canada's international obligations. However, they do not agree on the level of flexibility required and, on this point, there is a marked difference between farmers in western and eastern Canada — farmers in the East ask for greater flexibility in programs adapted to suit specific regions of the country.

6 Emphasis added by the Standing Committee.
http://eur-lex.europa.eu/en/treaties/dat/12002E/htm/C_2002325EN.003301.html#anArt33

Except for the advance payments program, which was given a high mark, not all agricultural programs are equal in the eyes of farmers. For example, the Canadian Agricultural Income Stabilization (CAIS) program appears to have worked well for hog producers because their margins fluctuate, but the same cannot be said for grain producers, whose falling incomes lower the level of reference margins, and thereby prevent triggering support payments. Some farmers prefer programs based on production costs, while others would like to see a compensation program for disasters or natural catastrophes, which could get off the ground quickly and provide wide-ranging coverage.

The debate over Canadian farm policies has been going on for many years, and many programs have come and gone-- NISA, AIDA, CFIP, and CAIS, just to name a few. We believe the politicians and policy-makers developing these programs have had good intentions. However, sometimes the gap between good intentions and successful program delivery has been great, and producers have not received the types of assistance that were needed.

In developing future business risk management programs, the cattle producers would ask the government to adhere to some key principles. Crafting farm programs to meet the needs of different commodity groups, such as cattle, pork, grain, and horticulture sectors, can be extremely challenging. What may seem to be a logical program component for the grain sector could have adverse effects on the cattle sector. It is important that a competitive balance be maintained, be it within a particular industry or between the different sectors. It is imperative that future programs be trade-neutral.

Martin Unrau, President, Manitoba Cattle Producers Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 53 – 10:50, 1st Session, 39th Parliament, Gimli, Manitoba, 19 April 2007.

Furthermore, when he appeared before the Standing Committee on 1 May 2007, the Honourable Chuck Strahl, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, mentioned that a great deal of progress was being made in the negotiations with federal, provincial and territorial ministers on replacing the CAIS with a suite of four programs: a government-producer savings account, a margin-based stabilization program, a production insurance program, and a disaster compensation program.

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.

Denis Bilodeau, Second Vice-President, Union des producteurs agricoles (UPA), Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 59 – 14:25, 1st Session, 39th Parliament, Montmagny, 25 April 2007.

As can be seen from the boxed text, the farmers who appeared before the Standing Committee were very aware of how difficult it is to develop business risk programs that would be satisfactory to all sectors. In their negotiations, the FPT governments must work with farmers' groups, and they must also show that they are capable of innovation and open-mindedness in order to reach a balance

between the programs and a degree of flexibility in their implementation. Therefore,

RECOMMENDATION 13

On the basis of the evidence it heard, the Standing Committee noted that there is considerable support for the approach to business risk management programs being proposed by the federal, provincial and territorial governments. Like farmers, the Committee is firmly committed to the general principles of program predictability, responsiveness, bankability and flexibility. With regard to flexibility, the Standing Committee recommend that the federal government ensure a fair balance amongst provinces and between the various types of production.

In parallel with this recommendation, the Standing Committee has often heard that some programs, particularly the CAIS, contradicted other strategies promoted by the government, such as diversification. Therefore,

RECOMMENDATION 14

The Standing Committee recommends that the federal government carefully examine the potential ramifications of business risk management programs to ensure that negative impacts, such as penalizing diversification or inhibiting value added activities, are minimized.

B. A National Compensation Program for Disasters: an Important Pillar for Business Risk Management

The crises resulting from the case of bovine spongiform encephalopathy (BSE) and the outbreak of avian influenza show how quickly well-organized and profitable industries can be disrupted. Similarly, natural disasters can wipe out years of effort and investment. As farmers told the Standing Committee: there are risks inherent in agriculture that farmers are able to manage, and then there are risks that even the best risk manager in the world cannot control.

Natural disasters have always been difficult risks for farmers to manage, but today there seem to be more and more extreme weather events that disrupt crop cycles. In addition, the risks inherent in international trade have themselves become just as difficult to predict and manage. Border closures, whether legitimate or not, pose a significant risk which, if the closure is prolonged, can have an impact on an agricultural sector for a period of months, if not years. According to the discussions between the members of the Standing Committee and Congressional Representatives in Washington, the House of Representatives also acknowledges the importance of a sound disaster program in order to avoid making *ad hoc*, and all too often arbitrary, payments. Therefore,

RECOMMENDATION 15

The Standing Committee recommends that the federal government consider a national compensation program for disasters as a main pillar for farm risk management and, therefore, that it be funded adequately to be able to meet any contingency. The Committee also recommends that this program allow provincial flexibility to address various disasters.

Furthermore, in light of the fact that natural and trade disasters appear to be on the rise, and that *ad hoc* programs are often developed to deal with these disasters, it seems appropriate that the new agriculture and agri-food policy should incorporate a special fund for a rapid, orderly and predictable response to extraordinary situations, without having to wait for the funds covered by statutory spending authority. Therefore,

RECOMMENDATION 16

The Standing Committee would like to reiterate a recommendation included in its June 2002 report and recommend permanent, minimum and statutory funding for a \$1 billion federal contingency fund. The latter would be available to the Minister for a rapid response in the event of a prolonged extraordinary disaster to allow farmers to re-establish their production capacity.

C. The Production Insurance Program

Wherever production insurance exists, it is considered very useful. While few farmers believe that this type of program should be mandatory, it is considered a necessity in a package of business risk management programs, as it is a good way to share the risk between farmers and governments. Unfortunately, production insurance only covers certain types of farm production, and it excludes livestock commodities in particular. The federal government's proposal to extend production insurance to livestock has received a mixed reception (see boxed text).

I'd also like to briefly discuss production insurance. At the ministers meetings in July of last year there was an agreement to move forward on extending production insurance to livestock. I think staff was directed to bring forward criteria and operating principles relating to production insurance, event-driven, disaster program. We have seen a draft proposal on this and we feel it is little more than a mortality insurance program. It does not fit our requirement for an overarching production insurance program.

Ian McKillop, President, Ontario Cattlemen's Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 60 — 11:00, 1st Session, 39th Parliament, Stratford, 26 April 2007.

Farmers' expectations regarding production insurance are clearly summarized in the following excerpt from a brief submitted to the Standing Committee:

Recently there has been much discussion around the expansion of production insurance to include livestock commodities. The sheep industry does not believe that production insurance as it is currently being discussed will adequately address the needs of livestock producers. The current model only covers mortality caused by an insurable disease, mandatory slaughters, and the preventive elimination of animals by order of a veterinarian. It does not cover losses due to accidents, inclement weather (floods, fires), predation, and production losses (e.g. due to stress).

Any effective insurance program needs to be developed in full partnership with specific commodity organizations in order for it to adequately address the needs of the commodity. In addition, production insurance should be flexible in nature.⁷

Therefore,

RECOMMENDATION 17

The Standing Committee recommends that a strengthened production insurance program that addresses the specific needs of various types of farm production be developed in close cooperation with stakeholders in each of the farm sectors. Furthermore, the Committee urges the federal government to be receptive to innovative ideas, such as the self-directed production insurance plan put forward by the horticultural sector.

D. Government-producer Savings Account

Despite having a number of flaws, the Net Income Stabilization Account (NISA) was always seen as useful and effective program that was popular with farmers. A program of this type has the advantage of being predictable, transparent, easy to administer, bankable and especially relatively neutral in terms of production decisions. Such a program empowers farmers by providing a participation incentive in the form of a government contribution.

Although they support this program, young farmers said they were concerned that their financial capacity might prevent them from participating. Other farmers expressed fears that this type of program could be challenged by our trading partners. However, a NISA-type program with limited contributions does not lead to trade distortion. Moreover,

⁷ Canadian Sheep Federation, Business Risk Management — Report to the Standing Committee on Agriculture, Stratford, Ontario, 26 April 2007, p.18.

as mentioned in the section on trade in this report, Canada must be more resolute in its defence of our agricultural programs. The Standing Committee heard many opinions in support of this type of program. Therefore,

RECOMMENDATION 18

The Standing Committee recommends that the federal government immediately establish a NISA-type shared-contribution program.

E. Federal-provincial-territorial Relations and Companion Programs

Canadian farmers often talk about the US *Farm Bill* in envious terms, especially as the development of agricultural policy in the United States appears to be an open, quick and efficient process. There are two reasons for this apparent efficiency: there is only one level of government involved, and US farm programs are limited to specific commodities, while programs developed in Canada are broad-based.

In Canada, agriculture is an area of shared jurisdiction and the development of a national agriculture and agri-food policy will always call for some negotiation between federal, provincial and territorial governments. Some of the discussions at Standing Committee meetings focused on having a single level of government responsible for Canada's agricultural policy, but it quickly became apparent that it would be impossible to go against the established areas of jurisdiction. However, a number of witnesses suggested that the federal government's share of the cost, currently set at 60% for joint programs, should be increased.

The Constitution ensures that the provinces and territories, like farmers, are partners with the federal government in drafting the national agricultural policy. As partners, all levels of government must work together to provide Canadian farmers with the tools they need to develop their industry. As they are responsible for some specific elements of the agricultural policy, the provinces and territories have the duty to provide support for agriculture within their own area of jurisdiction. Therefore,

RECOMMENDATION 19

While recognizing that provinces and territories have reason to establish companion programs, the Standing Committee recommends that a national strategy for agriculture programs be developed respecting provincial and territorial areas of jurisdiction, and in response to needs and priorities of the provinces and territories.

F. Supply Management as Risk Management

From coast to coast, all the witnesses who operated under supply management sent a single message to the members of the Standing Committee: supply management provides income security for farmers without putting pressure on government treasuries. These agricultural stakeholders believe that supply management must therefore be seen as a business risk management program.

Regarding business risk management, we believe that supply management needs to be clearly defined as a program under the business risk management pillar. More emphasis should be put on programs that work to maintain farm incomes and producer bargaining power in the marketplace--programs such as Canada's collective and orderly marketing systems, including supply management and its three pillars: production discipline, import controls, and fair farm pricing.

Mr. David Murray (Board Member, Dairy Farmers of Ontario, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 60 — 8:50 , 1st Session, 39th Parliament, Stratford, 26 April 2007.

There is some dispute about whether a marketing program can be a risk management program, but on the principle that, in the absence of supply management, appropriations for risk management programs would have to be increased to cover milk, egg, poultry and turkey production in Canada. In that context, one can only state the obvious. Therefore,

RECOMMENDATION 20

The Standing Committee recommends that the federal government recognize that supply management and its three pillars — producer pricing, import controls and production discipline — is inherently a business risk management program in Canada.

G. Orderly Marketing as Risk Management

Many farmers expressed the opinion that orderly marketing should be an option offered as a business risk management tool. This includes the Canadian Wheat Board as well as Quebec maple syrup producers and several other Quebec commodity groups. The CWB in its presentation to the committee explained how, through the utilization of single desk selling, the Board is able to provide a series of producer options to assist producers in maximizing their returns from the market place.

It used to be that pooling was the only way to price grain through the CWB. That has changed dramatically since the farmer-elected directors have come on board. Together with management, we have added a series of Producer Payment Options (or PPOs as we call them) that provide farmers with a wide range of pricing options. They can still pool but they can also price their grain in advance through the Fixed Price Contract, follow the fixtures and price their grain at a later date through the Basis Payment Contract or get their money up-front through the Early Payment Option and still have the opportunity to

benefit from future price rallies. These options are significant from a business risk management perspective because they give farmers-the ability to customize their wheat and barley' pricing according to their own individual needs as farmers.⁸

I think it's essential to preserve supply management. Here we're talking about tools that provide producers with income security and cost government nothing. (...) Today we have collective marketing and a system that works well. The question is whether individual rights take precedence over collective rights. We could also ask our government whether, in its view, the individual right takes precedence over the collective right to govern and regulate. I must say that, as a citizen, I don't always agree on the regulations that are put into effect, but I'm forced to deal with them, since they have been passed by the government. The same is true in the case of all the government orders that enforce regulations, even my municipality. I hope we'll be able to continue living in a Canadian society where the collective right, which makes it possible to regulate, is slightly stronger than the individual right. Otherwise I really wonder where all this will lead us.⁹

The Standing Committee also heard opposing views on the role of the Canadian Wheat Board:

The problem in grain farming is the dependence on the Canadian Wheat Board for marketing. Grain producers who rely on the Wheat Board to market their grain are in a very disadvantaged position. The CWB has refused to accept all grain that producers have offered to the board for marketing in the past three years. This has had a disastrous affect on the CAIS calculation. When there is at best a 10% margin in grain farming, and more likely zero or less, then the last few tonnes sold represent the margin. When the Wheat Board refuses up to 50% of the contracted bushels, as in the case of durum, this distorts the CAIS program payments. Farmers are left with no cash and no CAIS payment. They could not sell their grain, but the inventory was counted as a receivable and valued at the PRO, so there would be no CAIS payment. The program is blamed for not being responsive to farmers needs, but it is CWB mismanagement and refusal to follow one of the few actual requirements under the CWB Act.¹⁰

The wheat growers are also very encouraged by the progress towards gaining marketing freedom for wheat and barley producers in the Prairies. Currently, about twice as much wheat is processed in Ontario and Quebec as in the Prairies, yet the Prairies grow eight times the wheat. We do not begrudge this of our eastern counterparts; in fact, we applaud their efforts to process more of their grain locally. We simply want the opportunity to do the same. For this reason, we wholeheartedly endorse the government's initiative to give prairie farmers the same marketing options for wheat and

8 Ian McCreary, Director, district 6, Canadian Wheat Board, submission to the Standing Committee on Agriculture and Agri-Food, 1st Session, 39th Parliament, Saskatoon, 18 April 2007.

9 Pierre Lemieux, President, Quebec Federation of Maple Syrup Producers, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 58 — 10:10, 1st Session, 39th Parliament, Montmagny, 25 April 2007.

10 Douglas McBain, Past President and Director, Western Barley Growers Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 49 — 9:25, 1st Session, 39th Parliament, Olds (Alta), 17 April 2007.

barley as Ontario farmers now enjoy. We fear the wheat acres will continue to decline unless the government moves forward to bring the same level of optimism and opportunity in the wheat market as we see now for barley.¹¹

Opposing opinions also emerged among members of the Standing Committee who debated the issue. The majority decided that a recommendation on orderly marketing was needed in this report, but some members also indicated that they will table a dissenting opinion on this issue. Therefore,

RECOMMENDATION 21

The Standing Committee recommends that:

- 1) the governments provide the legislative support necessary for farmer-run orderly marketing agency's to continue to work effectively on farmers' behalf in the area business risk management; and**
- 2) the government negotiate at the WTO to ensure that supply management is maintained and that state trading enterprises be allowed as a marketing tool.**

RESEARCH AND INNOVATION

A. Research that Focuses on Primary Production in the Agricultural and Agri-food Chain: a Priority

The boxed text gives a sense of the discussions heard during the Standing Committee's fact-finding mission. There was almost unanimous agreement that research and innovation must be central to the new agricultural policy.

According to the evidence provided to the Standing Committee by senior AAFC officials, one of the priorities of the research and innovation strategy within the new agriculture and agri-food policy will be the link between food, nutrition and health. The new

Canada needs a new attitude towards agriculture. We have developed a very bad attitude towards an industry that provides so much value to this country and this economy. This new attitude is the essential ingredient in the entire agricultural policy framework. Every pillar must have success as an objective for this industry, for this country. Science and innovation are the keys to success.

We have several impediments to overcome in order for Canada to be able to use the key. Our regulatory systems must be enabling and must ensure that we are able to use products developed through our investment.

Ken McBride, President, Agricultural Producers Association of Saskatchewan, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 52 – 13:15, 1st Session, 39th Parliament, Saskatoon, 18 April 2007.

11 Stephen Vandervalk, Vice-President, Western Canadian Wheat Growers Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 50 — 13:15, 1st Session, 39th Parliament, Olds (Alta), 17 April 17, 2007.

Agriculture and Agri-Food Canada (AAFC) Science and Innovation Strategy was announced in May 2006 by Minister Strahl. With its strategy, AAFC wants to provide leadership for Canada's agriculture industry, by setting up partnerships, by applying the highest and best standards of scientific excellence and demonstrating tangible results for the Canadian public.

The farmers who appeared before the Standing Committee raised a number of issues relating to research and innovation such as food safety, animal health, the bioeconomy, the development of grain varieties, the regulatory framework and the need for public and private investment. They are also very aware of the enormous potential innovation offers for market development. This is why they support the major principles in the Research and Innovation Strategy, but they added a caveat.

Functional foods, nutraceuticals and organic foods and products, plant-based cosmetics, toiletries, fabric, apparel, packaging, diapers and medical supplies show enormous potential, as do pet food, pet toiletries, doggie diapers, pet care and other animal wellness products. They are huge emerging industries for Canada.

Ms. Brenda Schoepp, Standing Committee on Agriculture and Agri-Food, *Evidence*, 50, 13:40. 1st session, 39th Parliament, Olds, Alberta, 17 April 2007.

Despite the fact they are aware that science and innovation plays a key role in the agricultural and agri-food sector, the farmers felt that the strategy should pay particular and significant attention to research focusing on primary production. Their reasoning is simple: if bioproducts are to emerge, there must first of all be agricultural production. Therefore,

RECOMMENDATION 22

On the premise that bioproducts and innovations in the agri-food chain cannot be developed without agriculture, the Standing Committee recommends that primary production research be defined more precisely in the Science and Innovation Strategy, that there be a specific component devoted explicitly to primary production research, and that it obtain its fair share of funding.

Furthermore,

RECOMMENDATION 23

The Standing Committee recommends that scientists at Agriculture and Agri-Food Canada and its agencies be freed from administrative duties that take up too much of their time and energy, so that they can spend their time on what they do best: applied research. The Standing Committee also recommends that research projects be streamlined.

B. Incorporating Scientific Research into Innovation and Market Development

Science generates knowledge about how significant societal challenges may be addressed, and on which the sector can build innovations to enhance productivity and competitiveness — to achieve greater job creation, profitability and wealth creation.

Innovation transforms the knowledge into benefits for Canadians, involving the processes by which ideas for new (or improved) products, processes, or services are developed and commercialized in the marketplace (i.e. innovation is only successful when knowledge leads to change in the way things are done or a product that is diffused in the marketplace).¹²

On the basis of the evidence they heard, the members of the Standing Committee noted that the transmission of innovation research, and its application to the day-to-day realities of agricultural production, may be complex, challenging and expensive. Farmers are also concerned about the amount of information that is available almost everywhere. The process for conveying knowledge to producers must be clarified and streamlined. Therefore,

RECOMMENDATION 24

Primary producers require to be better informed about research development, and consequently the Standing Committee recommends the establishment of a one-stop access to information about innovation and market opportunities.

ANIMAL HEALTH

Animal health can be described as the *outcome of the interaction of animal factors, their environment, and pathogens*. This encompasses animal nutrition, the quality of an animal's living environment, animal genetics, and an animal's interactions with the pathogens around it.¹³

Disease results from the interaction of pathogens, animal factors, and the environment. As exemplified by the 2004 outbreak of Avian Influenza in the Fraser Valley (British Columbia), the BSE crisis, the foot-and-mouth disease in the UK, and the SARS outbreak in Toronto, diseases can have severe consequences for human and animal health, as well as a significant economic impact. It is estimated that 75% of the new infectious diseases that have emerged in humans since the mid-1970s have been caused by zoonotic pathogens.

12 Agriculture and Agri-Food Canada, *Science and Innovation Strategy*, May 2006, Ottawa, p.1.

13 Canadian Animal Health Coalition, *Concept Paper Outlining a National Animal Health Strategy*, June 2006.

The Canadian Animal Health Coalition (CAHC) has published a concept paper that offers a starting point for a detailed discussion about a National Animal Health Strategy (NAHS) and identifies key parameters for development of a full strategy. The CAHC defines the concept of a NAHS as *an innovative, far-reaching animal health management strategy that creates a framework for linking industry and government expertise, infrastructure and resources to manage wild and kept animal health issues; and identifies their close relationship to human health.*

The NAHS is considered the first and only attempt at integrating strategically what is currently a fragmented range of animal health activities. It addresses both the convergence of these “silos” of activities and animal health issues. It consists of all Canadian animal sectors that contribute to the National Farmed Animal Health Strategy (NFAHS), which is a micro-strategy within a broader national strategy on animal health.

The vision underlying the NFAHS is to make Canada the recognized world leader in animal health while sustaining and growing Canada’s farmed animal industries. The animal health strategy will protect the health status and condition of food-producing animals while sustaining strong domestic and international markets for live animals and their products. The objectives of the NFAHS are as follows:

- safeguard human and animal health;
- safeguard the Canadian economy;
- protect and raise the health status of farmed animals;
- manage risks in the continental and international markets;
- foster strong domestic and international markets for live farmed animals and their products;
- enhance the confidence of customers, producers, markets and public.¹⁴

In Canada, approximately 50% of the farm cash receipts are generated by the livestock industry. Like food safety, animal health is a public good for which responsibility is shared between federal and provincial governments. Animal health programs used to be mostly governmental. However, they will be based increasingly on industry-government partnership. Animal health issues like those pertaining to major contagious disease outbreak **were not addressed in the first Agricultural Policy Framework (APF)**. The Canadian Animal Health Coalition, in collaboration with farmers’ organizations, seeks to

14 Statement of Principles for a National Farmed Animal Health Strategy, December 2006.

position the NFAHS as a new pillar in APF-II. This pillar would be built upon a balanced, multi-jurisdictional and multi-stakeholder, systems-based approach to animal health, and would be an integral part of the broader NAHS. Therefore,

RECOMMENDATION 25

The Standing Committee recommends that the National Farmed Animal Health Strategy (NFAHS) itself be a pillar in Canada's new agriculture and agri-food policy, while respecting provincial and territorial areas of jurisdiction.

Furthermore, in any discussion of animal health, the issue of compensation automatically arises when herds are destroyed. The Standing Committee made a recommendation on this matter in its April 2005 report on the outbreak of Avian Influenza. The Committee would like to reiterate the importance of equitable compensation that takes into consideration forgone income and farmers' ability to restart their operations. Therefore,

RECOMMENDATION 26

The Standing Committee again recommends that the federal government review, in consultation with the livestock and poultry industry, the *Health of Animals Act* in order to strengthen compensation mechanisms in the event that farm animals are destroyed.

THE FEDERAL BIOFUELS STRATEGY

This recently announced strategy clearly illustrates agriculture's complexity and the countless ramifications that government intervention may have on the various components of the agri-food chain. It also demonstrates the difficulty of drafting a neutral agricultural policy in consideration of all the externalities, both positive and negative, that are always present in such policies.

The United States has released an aggressive biofuels development strategy. Its ethanol production has grown exponentially, from 1,770 million gallons in 2001, to 4,900 million gallons in 2006. There are currently 116 ethanol refineries in the United States, and another 81 are under construction. This rate of growth has of course had an impact on the demand for corn, and in the fall of 2006 its price rose by more than 50%.

When they travelled to Washington, the members of the Standing Committee noted the level of enthusiasm for the US biofuel policy which, it should be noted, is designed to strengthen US energy sovereignty and stimulate the economy of rural

communities. There were also some concerns about the livestock industry, as producers could see that corn — one of their major inputs — will be in high demand for non-food uses.

Despite the potential drawbacks, supporters of ethanol development believe that the corn market will adjust to food and non-food demand and corn prices will eventually stabilize. They believe the problem is not that the price of corn is too high now, but that it was too low in the past and that corn was sold well below its true value. They also feel that the development of cellulosic ethanol would be an ideal complement to corn-based ethanol, as it could curb the upward pressure on the price of corn, while at the same time possibly increasing ethanol's market share in comparison with regular gasoline.

On this side of the border, the Canadian government's ecoagriculture biofuels initiative has been welcomed and generated a new-found enthusiasm among grains and oilseeds producers, who have been experiencing depressed prices and declining income over the past few years.

[W]e appreciate some of the initiatives that have been undertaken by the federal government to encourage greater grain processing on the Prairies. For example, the wheat growers strongly endorse the federal government's recent biofuels initiative under which we will move to a 5% renewable standard in gas and a 2% renewable fuel standard in diesel. We also endorse the program announcement in December that will provide some investment assistance to help with the start-up of biofuel plants.

While we support these initiatives, we have some concerns with the contemplated clawback provisions that might discourage investment in the biofuel industry in Canada. We urge your committee to ensure that the investment climate is right for all investors, whether they be farmers or others, to take advantage of this growing opportunity.

For an ethanol industry to fully develop, we also emphasize the need to allow the development of wheat varieties that are specifically geared to industrial uses. In this regard, we commend you for your report on the Canadian Grain Commission review in which you recommend the removal of KVD, kernel visual distinguishability, as a registration criterion in all wheat classes. We ask you for your continual vigilance to ensure this constraint is removed as soon as possible.¹⁵

However, as in the United States, the livestock industry — including the beef, pork, poultry and dairy sectors — has certain concerns about this well-intentioned strategy, whose impact is generally unknown:

We're also concerned about the emerging North American ethanol industry, which is a competitor for feedstock. At this point the viability of the ethanol industry in North America is dependent on government support and mandated use. We are concerned that

15 Stephen Vandervalk, Vice-President, Western Canadian Wheat Growers Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 50 — 13:15, 1st Session, 39th Parliament, Olds, Alberta, 17 April 2007.

government support to a competitor of the cattle industry may drastically reduce the competitiveness of our industry. This is a case where a policy that was based on good intentions but was not well thought out damages a sector that has been strongly free market for many years.¹⁶

Some regions are also concerned, especially the Maritimes, where fears about the strategy's impact are heightened because of their geographical location and their dependence on imported grain. Therefore,

RECOMMENDATION 27

The federal biofuel strategy has enormous development potential that could, however, affect the competitiveness of the livestock industry throughout Canada. The Standing Committee therefore recommends that the federal government immediately conduct a comprehensive analysis on the development of biofuel by-products feedstuff for livestock and poultry, and that the analysis be tabled in the House of Commons.

The distinction between ethanol and biodiesel came up in the Standing Committee's discussions, primarily with regard to renewable energy in the conflict between the demand for food and the demand for biofuels:

One of the things that are befuddling this industry is, of course, that biodiesel is not ethanol. There's a real danger for this potential commodity to get swept up in the food versus fuel debate over ethanol and corn. I would like to remind the committee that 81% of the well-to-wheel energy in biodiesel is renewable. And biodiesel, unfortunately, is at least two years behind ethanol in policy development, commercialization, and research and development. So we need a bit of time to catch up that component.

It does have a real potential. Canola, in particular, is Canada's highest-yielding crop and has a real potential to remove carbon dioxide and improve the greenhouse gas environment. For example, vegetable oils can reduce 64% to 92% of greenhouse gas emissions compared to petroleum diesel. A 20% blend of biodiesel with petroleum diesel reduces 12% to 18% of greenhouse gas emissions. And a simple 2% blend of biodiesel with petroleum will reduce between 1% and 2% of greenhouse gas. Canola in Canada has double the kilometres per hectare of corn.¹⁷

16 Ian McKillop, President, Ontario Cattlemen's Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 60 — 10:55, 1st Session, 39th Parliament, Stratford, Ontario, 26 April 2007.

17 Ray Carmichael, Business Development Manager, Eastern Greenway Oils Inc, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 57 — 9:25, 1st Session, 39th Parliament, Fredericton, 24 April 2007.

The biofuels strategy is in its early days, as is the debate between food for human and animal consumption and the demand for biofuel production inputs; it seems appropriate to provide careful guidance for efforts and investment and to develop a win-win situation for everyone. Therefore,

RECOMMENDATION 28

As the demand for feedstuff in Canada and the United States usually goes in tandem, it is difficult for our country to influence their price. In order to relieve pressure on the demand for animal feed, the Standing Committee recommends that the federal government, in conjunction with the biofuels industry, give priority to research into biodiesel production and the development of non-feed inputs, such as switchgrass and cellulosic fiber, for ethanol production.

The biofuels strategy, which was released on December 20, 2006, contains the following targets: renewable content of 5% in gasoline by 2010 and a 2% renewable content in diesel fuel and heating oil by 2012. Some observers believe that biodiesel production has more of the winning conditions for the eco-agricultural strategy. Therefore,

RECOMMENDATION 29

The Standing Committee recommends that Agriculture and Agri-Food Canada conduct an analysis of the opportunities offered to agriculture if the targets were 5% and 10% for biodiesel, and 10% and 20% for ethanol.

SUCCESSION AND THE SHORTAGE OF LABOUR IN AGRICULTURE

A. Succession

The capital investment required in the agricultural sector is so substantial that it is very difficult for someone who does not inherit a farm to start a business. And even in the case of an inheritance, the early years are still precarious. There will not be much of a future for agriculture in Canada if we do not acknowledge this state of affairs. It is not unique to agriculture — other industries also have a prohibitive cost of entry — but returns on the investment are often better and the expertise required is often less complex and less varied than that required for agriculture. The following excerpts from the evidence from young Canadian farmers clearly illustrate their ambition, passion and extensive knowledge, and this is why the Committee has allocated a considerable amount of space to them in this report:

It is becoming increasingly more difficult for young farmers to get into farming. It's apparent because you see it everywhere, whenever you talk to anybody in our group. Any young farmers or young people coming home from college are faced with a large debt in order to expand to accommodate two people at home. It's difficult. (...) We'll go to the future farmer program.

The program has treated young Island farmers very well in the past four and soon to be five years. Interest rebate assistance is pro-rated according to education level. It actually gives an incentive to young people to finish school rather than quitting school to come home and farm. It kind of cuts their "kick at the can" a little shorter, so to speak; it limits their potential if you don't provide this incentive. That's not to say everybody will quit school if it's not there. There are currently 170 young farmers enrolled in the program.

This program is also used for training assistance. Up to 50% of the eligible costs are covered, including travel, accommodation, and actual course costs. I think it's a very useful tool.

As a criterion for this, business plans need to be conducted. A business plan never hurts anybody. I think it's a very important tool to plan and have a vision for your farm and to see where your vision fits into Canada's vision of agriculture.

Ryan Weeks, Vice President, Prince Edward Island Young Farmers' Association,
Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 56 — 19:05,
1st Session, 39th Parliament, Charlottetown, 23 April 2007.

I got into the dairy industry about six years ago and I've been working for an employer who's highly recognized in the genetic industry. They have been able to pay me based on their income, because their industry is supply managed.

The point I want to make is that I want to be a dairy farmer. How do I become a dairy farmer? I don't have any equity. I don't have any land. How is the government going to help me start my own farm? How am I going to access money to buy quota? How am I going to access farmland and pay the debt load and the interest and all that sort of stuff?

If you ask young people if they want to be involved in the agriculture industry, what do you think they're going to say? Of course not. There's no money. They read the papers. They know the agriculture industry is not viable because we don't have a vision.

I think the future farmers program is a step in this direction, but we need to see interest-free loans for people starting out in the business. And that doesn't mean only dairy. That doesn't mean only beef or grains.

The point is I am a very...I'm not going to say intelligent young woman, but I have aspirations. And I have a passion for agriculture. I recently got a new job that has to do with rural development. But where do I want to be? I want to be in agriculture. I want to help us through this crisis, because we need to get through this crisis.

I grew up in this industry and I want to help my family farm get back on track. I don't know how we're going to do that, because we're in a financial situation right now. As you can tell by my voice, I'm shaky because this is how much agriculture means to me. I want to get through to the committee members because I still feel the APF's two consultations didn't meet what we need to address, and that is the prices at the marketplace.

Mariah Smith, Prince Edward Island Young Farmers' Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 56 — 19:10, 1st Session, 39th Parliament, Charlottetown, 23 April 2007.

Yes. The problem then becomes that when you go into a global scale, a lot of products aren't on the same level. Everything would have to be brought onto the same playing field so that you would be competing apples with apples, and that doesn't necessarily happen.

The price floors model would be a possibility. Putting legislation in to remove loss leaders from retail stores might also be a better possibility there. When you're going into a retail store, your potatoes and your eggs — well, your eggs and your milk are supply management, so they're always going to be that price, but your fruit and vegetables that are produced in Canada, as well as your potatoes, are never going to be at a price that is lower than the cost of production. You're going to make sure the farmer is always going to be there, that the retail store is never chewing at the wholesaler to get that product cheaper and cheaper, with the price always being pushed lower down the line.

Mark Bernard, Prince Edward Island Young Farmers' Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 56 — 19:15, 1st Session, 39th Parliament, Charlottetown, 23 April 2007.

This is a huge challenge that we're facing in our province. We need to develop training initiatives and to ensure that the appropriate training delivery mechanisms are in place to ensure that the needs, and especially the skills gap, are being addressed. We need to ensure that the next generation of farmers have the skills needed to make agriculture work. That's simply how it has to be.

We need to focus on business management, on enterprise development. Training also needs to focus on how we're going to anticipate food safety, animal welfare issues, and environmental concerns. These are all areas where farmers, and young farmers especially, have to anticipate how this is going to affect our particular industries. If it's going to be a sustainable industry, as young farmers we need to be able to anticipate what is going to be happening, especially in the next five or ten years, when agriculture is at such a critical point.

Also, there are the recruitment and retention fees. We need to have training initiatives to make agriculture attractive for new entrants and for young people who may want to consider getting into this particular field. We need to frame it so that it is a potential career option.

The next generation of APF must also address the importance of agricultural awareness. As a young farmer in my province, and as an active participant at the national level with the Canadian Young Farmers Forum as well, I see great importance in getting public

support for agriculture. It's very important for the long-term viability of producers in our province, and also producers right across this country, if we're going to be successful as young farmers and if the agriculture industry is going to be successful as a whole.

Chan Wiseman, President, Newfoundland and Labrador Young Farmers' Forum,
Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 55 — 9:10,
1st Session, 39th Parliament, Truro, 23 April 2007.

I will briefly outline the situation regarding the transfer of farms in Canada. Canada loses 10,000 farms a year, 28 a day. At this rate, there will be less than 100,000 farms left in 15 years. Assets have enormously increased in value in the businesses. In Canada, the average farm is worth \$1 million. Business profitability is currently lacking, revenue has been poor for some years now, and indebtedness has obviously very much increased. People have tried to improve their profits by expanding their businesses, but they have also gone into debt in doing so. There are currently twice as many farmers over 55 years of age as are young farmers under 35. Young people move into other industries. A lot of young Quebecers are going to work on the tar sands in the west. I imagine the situation is the same in other provinces. If nothing is done in the regions, there will be so few businesses left that young people will no longer be able to find a place to set up in farm businesses and will instead have to move into the major centres.

The first issue that we've identified is promoting the transfer of existing farms to a new generation. There are needs related to that, including assistance and support. Young people are entering the business, but others are leaving it. So we have to guarantee some financial security for the people who are going to retire. There must be better business development planning. Human relations are also a very important factor in the context of farm transfers; this is one aspect that must be singled out.

Benoit Martin, President, *Fédération de la relève agricole du Québec*, Standing
Committee on Agriculture and Agri-Food, *Evidence*, No. 58 — 8:45,
1st Session, 39th Parliament, Montmagny, 25 April 2007.

With regard to training, we realize that, when we talk about farm transfers, human relations are one of the main reasons why a transfer can work or fail. So we think there should be an investment in human relations training. You've seen it, you no doubt had good discussions with your father at the time the farm was transferred. You didn't necessarily have the same vision of the business. We think there should be an investment in human relations training within teams that do a farm transfer.

Jean-Philippe Deschênes-Gilbert, Secretary, *Fédération de la relève agricole du Québec*, Standing Committee on Agriculture and Agri-Food,
Evidence, No. 58 — 10:00, 1st Session, 39th Parliament,
Montmagny, 25 April 2007.

First of all, if the agriculture industry is going to survive in Canada, we need young people to take over from the aging farmer population. One of the key factors is whether farming is going to be a viable lifestyle, a rewarding career choice. If you look at other industries, a lot of times you can have a much better lifestyle if you go into an industry other than agriculture. That being said, there are a lot of young people who want to go into farming. They love it and that's what they want to do.

The main thing that's going to draw them there is opportunity. Is there opportunity for a good lifestyle? Is there opportunity for growth and advancement within the industry? A big part of that is going to be the strength of the industry. If there's a strong industry, people are going to be drawn to it because they want to be in it anyway.

When it comes to taking over farms, one of the biggest problems is that the older farmers are selling and dismantling farms to fund their retirement. As has been said, it's very difficult for a young farmer to come up with the money that's needed to take over a farm. There needs to be a program so that farmers don't have to sell their farms to fund their retirement.

Justin Gaudet, farmer, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 57 — 12:05, 1st Session, 39th Parliament, Fredericton, 24 April 2007.

When we think about different problems or issues we face in the industry as young farmers, the number one thing, of course, is how we get into the farm. How do we do the farm transition? What it comes down to is cash. We don't have the cashflow. To transition those assets on our side is our number one biggest problem, because of industry constraints and the fluctuations in markets today — just the main challenges.

I do appreciate and very much recognize the importance and the potential impact that a lot of these government programs can have on any farmer. The farm family options program is a wonderful program. The CASS program — the Canadian agricultural skills service program — is a wonderful program. The only challenge is that the farmers don't know. And it's not like they don't have time to know. It's up to them to step up and say, "Hey".

(...) As a young farmer I am very excited. We're definitely trying to be as innovative and efficient as we can. It's our passion to produce food for the world and be involved with different commodity groups and whatnot.

Leona Dargis, Member, Canadian Young Farmers' Association, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 49 — 9:30, 1st Session, 39th Parliament, Olds, Alberta, 17 April 2007.

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.

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.

Rob Brunell, President, Keystone Agricultural Producers' (KAP) Young Farmers Committee, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 54 — 16:00, 1st Session, 39th Parliament, Gimli, Manitoba, 19 April 2007.

Of course, the best strategy for agricultural succession is to ensure that farms are profitable. A solid agricultural policy with a clear vision is a step in the right direction, but as the young farmers told the Standing Committee, other approaches must also be considered. Therefore,

RECOMMENDATION 30

Although the increase in the capital gains exemption to \$750,000 was well received, the Standing Committee recommends that it be further increased to \$1 million.

The Standing Committee also recommends that the federal government look at various financial and fiscal instruments that could be helpful to young farmers in their first years of farming such as investment tax credit, interest assistance, capital insurance program, start up financing, a farm transfer savings plan, allowing RRSP funds to be used for the purchase of a farm, and the transfer of targeted financing to the provinces to encourage young people to go into farming.

Moreover, as can be seen from the evidence, there is a lack of information about the agricultural programs available to young people. Therefore,

RECOMMENDATION 31

The Standing Committee recommends that the federal government promote programs available to young farmers on a regular basis. In addition, the Committee recommends that the federal government be innovative in its partnerships with the provinces in providing funding to colleges and universities with agricultural programs.

B. Shortage of Farm Labour

Almost everywhere the Standing Committee traveled, the issue of access to labour was raised. Farm work is normally seasonal and intensive, salaries are often uncompetitive

and the work is hard—farm employers have to deal with all of these factors. The horticultural sector has been hardest hit by this problem. Some solutions have been put forward, such as easing some of the employment insurance rules and temporary work permits, or mobility and the entry into Canada of temporary migrant workers. Even though this problem is related to agriculture, it is not clear that it belongs in a national agricultural policy.

THE REGULATORY FRAMEWORK

The agriculture and agri-food sector is highly regulated. All industries are subject to standards, be it food safety, labelling, transportation of goods, inspection, pest control and veterinary products, animal health or environmental standards. Most are necessary and have helped to build Canada's reputation as one of the countries with the highest quality agriculture and agri-food products in the world.

Farmers and other stakeholders recognize the contribution and necessity of regulations, but the regulatory framework in certain sectors appears to have had contradictory effects. The example of kernel visual distinguishability, which was the subject of a recommendation in the Standing Committee's report on the *Canada Grain Act* and the Canadian Grain Commission, shows how regulations can slow market development and prevent farmers from taking advantage of market opportunities to increase their profitability.

The Standing Committee's meetings afforded farmers the opportunity to raise various problems related to the regulatory framework. Some of those, such as labelling, are the subject of recommendations in this report. Two other regulatory aspects were addressed in the evidence:

- the Pest Management Regulatory Agency (PMRA),
- the transport of agricultural goods by rail.

PMRA is on the regular agenda of the Standing Committee, which holds two meetings a year to review developments in the Agency's work. In its last report, which was tabled in the House of Commons on December 13, 2006, the Standing Committee recommended that the Own Use Program be extended. In the coming months, the Committee will continue to supervise PMRA's work and to defend the interests of farmers. However,

RECOMMENDATION 32

The Standing Committee recognizes the progress accomplished by the Pest Management Regulatory Agency and appreciates the semi-annual meetings aimed at reviewing the Agency's work. However, the

Standing Committee recommends that, in the context of the new generation of agriculture and agri-food policy, the PMRA publish a status report on the level of its services.

Any regulatory framework for the transport of agricultural products by rail would benefit from a thorough review. For an exporter country like Canada, some regions of which are far removed from the ports of departure for foreign markets, it is imperative that domestic transport be efficient. The best agriculture and agri-food policies will be of no use to farmers if their products cannot leave their farms or regions.

The following evidence highlights and summarizes how an inefficient transport system can hinder the market development efforts driven by farmers and other stakeholders:

New highway and rail capacity to move goods and services is to be built to service the port expansion. More road traffic and more rail traffic is the offshoot of that increased economic activity—activity that benefits Canada as a whole.

New or expanded conveyance routes, be they rail or road, will be at the expense of prime farmland in Delta, an area generating millions of dollars of food or feed products. . (...) Transport Canada did not undertake any discussion with the agricultural communities as to impacts before they released their proposed options. (...) Their options fail to understand that the economics of farming are just as important to the individual farmer as they are to any other business today, including railways that move goods and services. (...) Elongated crossings due to larger and more trains do nothing to reduce our costs, but the railways gain. The businesses handling those delivered goods and services gain, but the farmer loses once more.

Bob Butler, Delta Farmers' Institute, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 48 — 13:05, 1st Session, 39th Parliament, Penticton, BC, 16 April 2007.

Huron Commodities moves oats from western Canada to Ontario for processing and further export to the United States. We ship oats from Ontario and Quebec to the U.S. via rail. We ship rye from Ontario and western Canada to major distillers and flour millers in the United States via rail. We ship food-grade soybeans to Japan and Southeast Asia via rail to the west coast and ocean freight further on. Over the years, we've seen increasing rail transportation costs with severely declining rail service. All the while, Canadian railroads are posting consistent record profits. Although we're not opposed to supporting a profitable railroad, we don't agree that it should be done at the expense of the farmer. For example, as mentioned earlier, we ship oats from western Canada to Ontario for further export to the United States. Unless we are a mainline shipper in western Canada, willing to ship 100-car-unit trains to the west coast, we are just denied service. The same situation is the case with our rye shipments out of western Canada. Unless we can provide 100-car shipments to the railroads for export to the U.S., they are simply not interested. The railroads have consistently refused to spot cars for any of our shipments, jeopardizing our reliability as a shipper to our customers.

[O]ur inability to move farmers' produce to the marketplace negates any efforts growers have made to realize any value-added premiums they may have earned. Currently, our customers in the U.S. and Asia are telling us that they are seeking suppliers other than Canada because of our inability to be a reliable, competitive supplier. We ask you to push for immediate regulatory reform to the *Canada Transportation Act*, before we lose further markets we currently hold.¹⁸

18 Martin VanderLoo (President, Huron Commodities Inc.) Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 60 — 9:15, 1st Session, 39th Parliament, Stratford, 26 April 2007.

Therefore,

RECOMMENDATION 33

Because efficient transport of agricultural goods is a key factor in market development, the Standing Committee recommends that the federal government conduct an in-depth review of the rail transport regulatory framework and make the necessary changes so that it is compatible with the requirements of the new agricultural and agri-food policy designed to achieve prosperity for the agri-food chain as a whole. Furthermore, the Committee recommends that the federal government conduct a specific level of services review.

FARMLAND USE AND ENVIRONMENTAL ISSUES

A. Environmental Plans on the Farm

Farmers spoke at length about environmental agricultural plans, about their benefits for the environment and their influence on using farm resources more efficiently. Farmers acknowledge their role as stewards of the land and are entirely prepared to assume their responsibilities in that area.

B. Public Good

There is no debate about why environmental plans should be deployed on the farm. However, there is a debate about how farmers would be compensated when the implementation of these farm plans generate positive environmental externalities because of farmers' best management practices, and be compensated by whom? Should it be the government? Consumers? The market? It appears that in the presence of a public good, some form of compensation should occur.

The concept of an "eco tax" on foods was discussed on a number of occasions, but feelings about its validity were divided. Many farmers believe that the market should reward the efforts they make to protect the environment, although just as many think that certain imperfections in market mechanisms will hinder adequate compensation. In that case, they believe it would be up to the federal and provincial governments to compensate them for actions that benefit all the residents in a region. Therefore,

RECOMMENDATION 34

In consideration of environmental farm plans, the Standing Committee believes that farmers must be compensated for the environmental benefits that they generate in their communities.

The Committee recommends that the federal government recognize this stewardship role in the new agricultural policy. Furthermore, in cases where the market might not take farmers' best management practices into consideration, the Committee recommends that the federal government contribute to a federal-provincial cost-shared compensation program.

C. Protection of Agricultural Land, Water and Air: A Parallel Agricultural Activity

The concept of multifunctionality, as defined by the Organization for Economic Cooperation and Development, may be summarized as follows: behind multifunctionality is the idea that agriculture, in addition to producing food and fibre, produces a range of other non-commodity outputs such as rural and environmental amenities, food security, and contributes to rural viability.¹⁹

The concept is not a new one, and the debate has been going on since the 1990s, particularly in the context of multilateral trade negotiations. Its supporters and detractors have always been on a roughly equal footing and are mainly divided over the actual consequences for public action, particularly the principal relationship between multifunctional products and agricultural production and, where the market fails to supply environmental goods, the role that the state would be called upon to play.

A number of non-governmental organizations, such as Ducks Unlimited and Alternative Land Use Services (ALUS), promote a

combination of environmental protection and agricultural or forest activities. In Canada, the division of environmental issues between federal and provincial jurisdictions complicates the development of multifunctional projects, but progress has nevertheless been made in recent years. According to figures submitted to the Standing Committee, it

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.

Ian Wishart, Vice President, Keystone Agricultural Producers, Alternative Land Use Services, Standing Committee on Agriculture and Agri-Food, *Evidence*, No. 54 — 14 :45, 1st Session, 39th Parliament, Gimli, 19 April 2007.

19 Organization for Economic Cooperation and Development, http://www.oecd.org/departement/0,2688,en_2649_33779_1_1_1_1_1,00.html

would cost approximately \$740 million to implement a program like ALUS across Canada. In return, the potential benefits to society are estimated at approximately \$820 million a year, whereas the additional benefits could include cost savings of at least \$61 million.²⁰

Multifunctionality virtually became a taboo issue at one point, which did not prevent certain countries, particularly in Europe, from implementing it and involving their farmers, compensating them for the positive externalities generated by their activities. Rising environmental requirements have brought a fresh perspective to the concept, and it is now part of the agricultural policies in many industrialized countries.

In their talks with representatives of Congress and agricultural organizations, Standing Committee members observed that conservation programs will apparently occupy a prominent place in the next Farm Bill. The tendency appears to be to increase funding for the development of farmland, rather than simply letting it lie fallow. In addition, since conservation programs fall into the "green box" category of World Trade Organization agricultural support, funding for those programs could come from transferring funding traditionally provided to price supports for agricultural products, which cause distortion in market signals. Therefore,

RECOMMENDATION 35

As the trend in the agricultural policies of producing countries is toward supporting environmental programs, the Standing Committee recommends that Canada's agricultural policy include a voluntary program, under which private agricultural land could be used as a tool for conserving and developing environmental resources. Since such a program will benefit all Canadians, the Committee also recommends that the governments provide financial support targeted to farmers for their land stewardship role.

CONCLUSION

In conclusion, the Standing Committee wishes to make a recommendation that farmers brought up again and again: The time for consultation must now become a time for action. Therefore,

20 Alternative Land Use Services: An Environmental Incentive — Based Conservation Proposal from the Agricultural Producers of Canada, brief presented to the Standing Committee, *Evidence*, No. 54, 1st Session, 39th Parliament, Gimli, 19 April 2007, p.2.

RECOMMENDATION 36

As farmers frequently told the Standing Committee: The time for consultation must now become a time for action. The Committee therefore recommends that the federal government take action, in a concerted and informed manner, and focus on primary agriculture now. Furthermore, the Standing Committee recommends that a national food policy be put in place to guarantee a safe, viable and plentiful food supply to ensure a long-term food security, with the understanding that such a policy will respect provincial and territorial areas of jurisdiction.

LIST OF RECOMMENDATIONS

RECOMMENDATION 1

The members of the Standing Committee recommend that the vision for the next generation of agriculture and agri-food policy must place more emphasis on farmers and on primary agricultural production.

RECOMMENDATION 2

The Standing Committee acknowledges the competence and professionalism of the employees of Agriculture and Agri-Food Canada and the agencies associated with the federal agriculture portfolio, but is concerned about a general decline in expertise with respect to agricultural policy development and a certain lack of background knowledge on the part of officials regarding daily farm activities. The Standing Committee recommends the immediate development of a revitalization plan for Agriculture and Agri-Food Canada, including partnerships with the provinces, their universities provincial colleges, to promote recruitment and education in agricultural programs. Furthermore, the Standing Committee recommends that the Department take advantage of the expanding National Area of Selection for its recruitment.

RECOMMENDATION 3

The Standing Committee recommends that Agriculture and Agri-Food Canada reinstate the annual Outlook Conference for agriculture, which enables the Minister and Department officials to present and explain evolving policies and agricultural programs, and to present market projections.

RECOMMENDATION 4

In order to maintain close ties with the federal Minister of Agriculture and Agri-Food, the Standing Committee recommends that the federal government establish a National Advisory Committee on farm policy development and programs, comprising representatives of all national farm organizations.

RECOMMENDATION 5

The Standing Committee recommends that the federal government defend Canada's trade interests aggressively by being firm and dynamic in enforcing international agreements and facilitating market opportunities.

Further, the Committee recommends that the government establish a quick-response team for trade issues that negatively affect farmers.

RECOMMENDATION 6

The Standing Committee recommends that the government explore market development opportunities more intensively through bilateral trade agreements, while continuing multilateral trade negotiations.

RECOMMENDATION 7

While remaining sensitive to the fact that agriculture education and awareness programs for the public are primarily the responsibility of the provinces, the Standing Committee recommends that the federal government financially assist market promotion initiatives introduced by farmers, such as “Buy Local” or “Buy Domestic” campaigns, which can be a powerful and useful vehicle for public information.

RECOMMENDATION 8

The Standing Committee recommends that farmers’ strategies to market products internationally be increasingly supported by various federal departments.

RECOMMENDATION 9

The Standing Committee finds it unfortunate that, under current regulations, the “Product of Canada” and “Made in Canada” designations may mislead consumers when imported agricultural ingredients are used in the manufacture of value-added food products. The Committee recommends that the government immediately review its labelling legislation and regulations with the goal of implementing a minimum 51%

domestic agri-food content rule that would provide better protection for the integrity of the “Product of Canada” designation.

RECOMMENDATION 10

In support of initiatives to promote and increase awareness of Canadian agricultural products, the Standing Committee recommends that the federal government implement a strategy where Canadian food products are used in its institutional agri-food products procurement.

RECOMMENDATION 11

The Standing Committee urges the government to adopt a policy to encourage retail chains to allow greater shelf space for local Canadian agri-food products with the objective of increasing the minimum space allowed for franchise owners from 5 to 15%.

RECOMMENDATION 12

The Standing Committee supports the comprehensive review of Canada’s competition policy announced in *Budget 2007*. However, in view of the high degree of concentration at some levels of the agri-food chain, the Committee recommends that:

- (1) the government decriminalize the discriminatory and predatory pricing provisions in the Act in order that these practices receive a full hearing on their likely economic effects and that such a case will be assessed by the Competition Tribunal with a civil burden of proof, which has a lower threshold than the criminal burden of proof; and
- (2) the government introduce a general administrative monetary penalty (AMP) provision for abuse of dominance in any industry, which would encourage businesses in most industries to comply with the *Competition Act*.

RECOMMENDATION 13

On the basis of the evidence it heard, the Standing Committee noted that there is considerable support for the approach to business risk management programs being proposed by the federal, provincial and territorial governments. Like farmers, the Committee is firmly committed to the general principles of program predictability, responsiveness, bankability and flexibility. With regard to flexibility, the Standing Committee recommend that the federal government ensure a fair balance amongst provinces and between the various types of production.

RECOMMENDATION 14

The Standing Committee recommends that the federal government carefully examine the potential ramifications of business risk management programs to ensure that negative impacts, such as penalizing diversification or inhibiting value added activities, are minimized.

RECOMMENDATION 15

The Standing Committee recommends that the federal government consider a national compensation program for disasters as a main pillar for farm risk management and, therefore, that it be funded adequately to be able to meet any contingency. The Committee also recommends that this program allow provincial flexibility to address various disasters.

RECOMMENDATION 16

The Standing Committee would like to reiterate a recommendation included in its June 2002 report and recommend permanent, minimum and statutory funding for a \$1 billion federal contingency fund. The latter would be available to the Minister for a rapid response in the event of a prolonged extraordinary disaster to allow farmers to re-establish their production capacity.

RECOMMENDATION 17

The Standing Committee recommends that a strengthened production insurance program that addresses the specific needs of various types of farm production be developed in close cooperation with stakeholders in each of the farm sectors. Furthermore, the Committee urges the federal government to be receptive to innovative ideas, such as the self-directed production insurance plan put forward by the horticultural sector.

RECOMMENDATION 18

The Standing Committee recommends that the federal government immediately establish a NISA-type shared-contribution program.

RECOMMENDATION 19

While recognizing that provinces and territories have reason to establish companion programs, the Standing Committee recommends that a national strategy for agriculture programs be developed respecting provincial and territorial areas of jurisdiction, and in response to needs and priorities of the provinces and territories.

RECOMMENDATION 20

The Standing Committee recommends that the federal government recognize that supply management and its three pillars — producer pricing, import controls and production discipline — is inherently a business risk management program in Canada.

RECOMMENDATION 21

The Standing Committee recommends that:

- (1) the governments provide the legislative support necessary for farmer-run orderly marketing agency's to continue to work effectively on farmers' behalf in the area business risk management; and**

(2) the government negotiate at the WTO to ensure that supply management is maintained and that state trading enterprises be allowed as a marketing tool.

RECOMMENDATION 22

On the premise that bioproducts and innovations in the agri-food chain cannot be developed without agriculture, the Standing Committee recommends that primary production research be defined more precisely in the Science and Innovation Strategy, that there be a specific component devoted explicitly to primary production research, and that it obtain its fair share of funding.

RECOMMENDATION 23

The Standing Committee recommends that scientists at Agriculture and Agri-Food Canada and its agencies be freed from administrative duties that take up too much of their time and energy, so that they can spend their time on what they do best: applied research. The Standing Committee also recommends that research projects be streamlined.

RECOMMENDATION 24

Primary producers require to be better informed about research development, and consequently the Standing Committee recommends the establishment of a one-stop access to information about innovation and market opportunities.

RECOMMENDATION 25

The Standing Committee recommends that the National Farmed Animal Health Strategy (NFAHS) itself be a pillar in Canada's new agriculture and agri-food policy, while respecting provincial and territorial areas of jurisdiction.

RECOMMENDATION 26

The Standing Committee again recommends that the federal government review, in consultation with the livestock and poultry industry, the *Health of Animals Act* in order to strengthen compensation mechanisms in the event that farm animals are destroyed.

RECOMMENDATION 27

The federal biofuel strategy has enormous development potential that could, however, affect the competitiveness of the livestock industry throughout Canada. The Standing Committee therefore recommends that the federal government immediately conduct a comprehensive analysis on the development of biofuel by-products feedstuff for livestock and poultry, and that the analysis be tabled in the House of Commons.

RECOMMENDATION 28

As the demand for feedstuff in Canada and the United States usually goes in tandem, it is difficult for our country to influence their price. In order to relieve pressure on the demand for animal feed, the Standing Committee recommends that the federal government, in conjunction with the biofuels industry, give priority to research into biodiesel production and the development of non-feed inputs, such as switchgrass and cellulosic fiber, for ethanol production.

RECOMMENDATION 29

The Standing Committee recommends that Agriculture and Agri-Food Canada conduct an analysis of the opportunities offered to agriculture if the targets were 5% and 10% for biodiesel, and 10% and 20% for ethanol.

RECOMMENDATION 30

Although the increase in the capital gains exemption to \$750,000 was well received, the Standing Committee recommends that it be further increased to \$1 million.

The Standing Committee also recommends that the federal government look at various financial and fiscal instruments that could be helpful to young farmers in their first years of farming such as investment tax credit, interest assistance, capital insurance program, start up financing, a farm transfer savings plan, allowing RRSP funds to be used for the purchase of a farm, and the transfer of targeted financing to the provinces to encourage young people to go into farming.

RECOMMENDATION 31

The Standing Committee recommends that the federal government promote programs available to young farmers on a regular basis. In addition, the Committee recommends that the federal government be innovative in its partnerships with the provinces in providing funding to colleges and universities with agricultural programs.

RECOMMENDATION 32

The Standing Committee recognizes the progress accomplished by the Pest Management Regulatory Agency and appreciates the semi-annual meetings aimed at reviewing the Agency's work. However, the Standing Committee recommends that, in the context of the next generation of agriculture and agri-food policy, the PMRA publish a status report on the level of its services.

RECOMMENDATION 33

Because efficient transport of agricultural goods is a key factor in market development, the Standing Committee recommends that the federal government conduct an in-depth review of the rail transport regulatory framework and make the necessary changes so that it is compatible with the requirements of the new agricultural and agri-food policy designed to achieve prosperity for the agri-food chain as a whole. Furthermore, the Committee recommends that the federal government conduct a specific level of services review.

RECOMMENDATION 34

In consideration of environmental farm plans, the Standing Committee believes that farmers must be compensated for the environmental benefits that they generate in their communities.

The Committee recommends that the federal government recognize this stewardship role in the new agricultural policy. Furthermore, in cases where the market might not take farmers' best management practices into consideration, the Committee recommends that the federal government contribute to a federal-provincial cost-shared compensation program.

RECOMMENDATION 35

As the trend in the agricultural policies of producing countries is toward supporting environmental programs, the Standing Committee recommends that Canada's agricultural policy include a voluntary program, under which private agricultural land could be used as a tool for conserving and developing environmental resources. Since such a program will benefit all Canadians, the Committee also recommends that the governments provide financial support targeted to farmers for their land stewardship role.

RECOMMENDATION 36

As farmers frequently told the Standing Committee: The time for consultation must now become a time for action. The Committee therefore recommends that the federal government take action, in a concerted and informed manner, and focus on primary agriculture now. Furthermore, the Standing Committee recommends that a national food policy be put in place to guarantee a safe, viable and plentiful food supply to ensure a long-term food security, with the understanding that such a policy will respect provincial and territorial areas of jurisdiction.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Au coeur des familles agricoles Claude Barnabé, President	2007/02/22	39
British Columbia Grain Producers Association Jim Smolik, Director		
Fédération des agricultrices du Québec Carmen Ducharme, President		
Manitoba Farm and Rural Stress Line Janet Smith, Program Manager		
National Farmers Union Grant Robertson, Director, Board of Directors		
Ontario-Quebec Grain Farmers' Coalition William Van Tassel, Vice-President		
University of Regina Annette Aurélie Desmarais, Professor, Department of Justice Studies		
Canadian Cattlemen's Association Travis Toews, Director and Vice-Chair, Domestic Agricultural Policy Ryder Lee, Policy Analyst	2007/03/22	44
Canadian Pork Council Clare Schlegel, President		
Canadian Pork Council Safety Net Committee Stephen Moffett, Chair		
Canadian Sheep Federation Jennifer Fleming, Executive Director		
Canadian Seed Growers Association Barry Reisner, Past-President	2007/03/27	45
Canadian Soybean Council Jim Gowland, Chair		
Fédération des producteurs de cultures commerciales du Québec William Van Tassel, First Vice-President		

Grain Growers of Canada

Ross Ravelli, President

Richard Phillips, Executive Director

Ontario Soybean Growers

Arden Schneckenburger, Second Vice-Chair

Ontario-Quebec Grain Farmers' Coalition

Peter Tuinema, President

Canadian Association of Agri-Retailers

2007/03/29

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Ian McNeill, President

Dave MacKay, Executive Director

Canadian Bankers Association

Bob Funk, Vice-president,
Bank of Nova Scotia

Brian Little, Head of Agriculture and Agri-business,
RBC Financial Group

Canadian Federation of Agriculture

Bob Friesen, President

National Farmers Union

Stewart Wells, President

Darrin Qualman, Director of Research

Union des producteurs agricoles

Denis Bilodeau, Second Vice-President

Gilbert Lavoie, Economist,
Research and Agricultural Policy Branch

BC Fruit Growers Association

2007/04/16

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Joe Sardinha, President

Glen Lucas, General Manager

British Columbia Agriculture Council

Steve Thomson, Executive Director

British Columbia Cattlemen's Association

Ernie Willis, Vice-President

British Columbia Grain Producers Association

Ross Ravelli, Director

British Columbia Grapegrowers Association

Hans Buchler, Director

British Columbia Landscape & Nursery Association

Tim Loewen, Growers Chair

Hedy Dyck, Contract Industry Coordinator,
Nursery Industry Development

Southern Interior Stockmen's Association

Linda Allison

British Columbia Milk Producers Association

2007/04/16

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Lorne Hunter, Director

Delta Farmers' Institute

John Savage, President

Bob Butler, administrator

Okanagan Kootenay Cherry Growers Association

Greg Norton

Agri-Trend

2007/04/17

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Robert Saik, President and Chief Executive Officer

Alberta Barley Commission

Darcy Kirtzinger, Policy & Research Coordinator

Alberta Beef Producers

Erik Butters, Chairman

Rich Smith, Environmental Manager

Alberta Pork

Jurgen Preugschas, Chairman

Ed Schultz, General Manager

Canadian Animal Health Coalition

Matt Taylor, Executive Director

Duane Landals, Director

Canadian Young Farmers' Association

Leona Dargis, Member

Western Barley Growers Association

Douglas McBain, Past-President and Director

Wildrose Agricultural Producers

Bill Dobson, President

Alberta Grain and Oil Seeds Crisis Advocacy Trust

2007/04/17

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LeRoy Fjordbotten, Chair

Lorne Darlington, Executive Director

Alberta Soft Wheat Producers Commission

Lynn Jacobson, President

Everett Tanis, Treasurer

Western Canadian Wheat Growers Association

Stephen Vandervalk, Vice-President

Canadian Bison Association

2007/04/18

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Mark Silzer, President

Terry Kremeniuk, Executive Director

Canadian Canola Growers Association

Wayne Bacon, President

Farm Pure Inc.

John Treleaven

Possberg Grain Farms Inc.

Kenton Possberg, President

Saskatchewan Alfalfa Seed Producers Association

Wayne Goerzen, Executive Director

Saskatchewan Pork Development Board

Shirley Volden, Vice-Chair

Neil Ketilson, General Manager

Western Cervid Rancher's Association

Roger Holland, President

Richard Mardell, Director

Agricultural Producers Association of Saskatchewan

2007/04/18

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Ken McBride, President

Lynette Keyowski, Executive Director

Canadian Wheat Board

Ian McCreary, Director,
District 6

Pound-Maker

Brad Wildeman, President

Weber Commodities

Larry Weber,
Risk Management

Bifrost Bio-Blends

2007/04/19

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Denis Kaprawy, President

Roy Eyjolfson, Project Manager

Canadian Horticultural Council

Keith Kuhl, Chairman,
Potato Committee

Manitoba Agricultural Services Corporation

Neil Hamilton, President and Chief Executive Officer

Manitoba Canola Growers Association

Brian Chorney, President

Manitoba Cattle Producers Association

Martin Unrau, President

Manitoba Corn Growers Association Inc.

Bob Bartley, Director

Manitoba Pork Council

Andrew Dickson, General Manager

Manitoba Pulse Growers Association Inc.

Lincoln Wolfe, President

Tammy Jones, Executive Director

Alternative Land Use Services

2007/04/19

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Ian Wishart, Vice-President,
Keystone Agricultural Producers

Bob Sopuck, Vice-President ,
Delta Waterfowl Foundation

Consumer Interest Alliance Inc.

Jennifer Hillard, Research Director

Florence Watson, Member

Dairy Farmers of Manitoba

Bill Swan, Board Member,
District 5

Ducks Unlimited Canada

Cynthia Edwards, National Manager,
Industry and Government Relations

Greg Bruce, Head,
Industry and Government Relations

Government of Manitoba

Lorne Martin, Assistant Deputy Minister,
Department of Agriculture, Food and Rural Initiatives

Keystone Agricultural Producers

David Rolfe, President

Keystone Agricultural Producers' (KAP) Young Farmers Committee

Rob Brunell, President

Manitoba Chicken Producers

Waldie Klassen, Chairman

Wayne Hiltz, General Manager

Pulse Canada

Peter Watts, Director,
Market Innovation

Greg Cherewyk, Director of Market Development

University of Manitoba

Karin Wittenberg, Associate,
Faculty of Agricultural and Food Sciences

Chicken Farmers of Canada

2007/04/23

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David Fuller, Chair

Dairy Farmers of Nova Scotia

Havey Whidden, Vice-Chair

Brian Cameron, General Manager

Newfoundland and Labrador Federation of Agriculture

Mervin Wiseman, President

Newfoundland and Labrador Federation of Agriculture and Agri-Adapt Council Inc.

Andrea Bourne, Executive Director

Newfoundland and Labrador Young Farmers' Forum

Chan Wiseman, President

Nova Scotia Agricultural College

Robert Gordon

Nova Scotia Cranberry Growers Association

David Ernst, President

Nova Scotia Federation of Agriculture

Frazer Hunter, Chairman

Nova Scotia Fruit Growers' Association

Andrew Bishop, President

Pork Nova Scotia

Dennis Boudreau, Vice-Chair

Henry Vissers, Executive Manager

Atlantic Grains Council

2007/04/23

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Allan Ling, President

Dairy Farmers of Prince Edward Island

Randall Affleck, Vice-Chair

National Farmers Union

Karen Fyfe, National Women's Vice-President

Ranald MacFarlane, Regional Coordinator,
District 1

Natural Organic Food Group PEI Inc.

Scott Dingwell, Co-Owner

Prince Edward Island Cattlemen's Association

Darlene Sanford, President

Prince Edward Island Federation of Agriculture

John Colwill, President

Mike Nabuurs, Executive Director

Prince Edward Island Pork

Willem de Boer, President

Robert Harding, Executive Director

Prince Edward Island Potato Board

Kevin MacIsaac, Chairman

Ivan Noonan, General Manager

Prince Edward Island Young Farmers' Association

Ryan Weeks, Vice-President

Mariah Smith, secretary

Mark Bernard, Member

Agricultural Alliance of New Brunswick

2007/04/24

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Vince Kilfoil, First Vice-President

Charline Cormier, Chief Executive Officer

Dairy Farmers of New Brunswick

Reint-Jan Dykstra, Chairman

Reginald Perry, Vice-Chairman

Eastern Greenway Oils Inc.

Ray Carmichael, Business Development Manager

Stephen London, Secretary

New Brunswick Egg Producers

Mark Durnnian

Porc NB Pork

Stephen Moffett, Director

Tony van de Brand, Director

Potatoes New Brunswick

Robert Gareau, Executive Director

Young Farmers Individuals

Jens van der Heide

Agrobiopole

2007/04/25

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Hervé Bernier, Director

Centre d'expertise en production ovine du Québec

Hélène Méthot, Researcher

Fédération de la relève agricole du Québec

Benoit Martin, President

Jean-Philippe Deschênes-Gilbert, Secretary

Quebec Federation of Maple Syrup Producers

Pierre Lemieux, President

Union des producteurs agricoles de la Côte-du-Sud

Louis Desjardins, President

Charles Proulx, President,
Comité de l'aménagement du territoire, de
l'environnement et de la faune

Hervé Dancause, President,
Comité des finances et de l'assurance Agricole

**Union des producteurs agricoles de Lotbinière-
Mégantic**

Maurice Vigneault, President

**Fédération des producteurs de cultures commerciales
du Québec**

2007/04/25

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William Van Tassel, First Vice-President

Fédération des producteurs de porcs du Québec

Pierre Roy

Union des producteurs agricoles

Denis Bilodeau, Second Vice-President

Richard Petit, Assistant Executive Director

Canadian Soybean Council

2007/04/26

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Jim Gowland, Chair

Chicken Farmers of Ontario

Bill Woods, Chair of Board of Directors ,
District 7

Dairy Farmers of Ontario

David Murray, Board Member

Huron Commodities Inc.

Martin VanderLoo, President

David Kohl, Manager,
Sales and Marketing

National Farmers Union

Grant Robertson, Coordinator,
Ontario Region

Ontario Apple Growers

Brian Gilroy, Vice-Chair

Ontario Cattlemen's Association

Ian McKillop, President

Dave Stewart, Executive Director

Ontario Pork

Mary-Ann Hendrikx

Ontario Tender Fruit

Len Troup

Perth Federation of Agriculture

Ed Danen, President

Tobacco Farmers In Crisis

Brian Edwards, President

Mark Bannister, Vice-Chair

Canadian Sheep Federation

2007/04/26

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Jennifer Fleming, Executive Director

Vince Stutzki, Member,
Board of Directors

Ontario Corn Producers' Association

Dale Mountjoy, President

Ontario Federation of Agriculture

Geri Kamenz, President

Jason Bent, Policy Researcher

Ontario Fruit and Vegetable Growers' Association

Arthur Smith, Chief Executive Officer

Ontario-Quebec Grain Farmers' Coalition

Peter Tuinema, President

Canadian Federation of Agriculture

2007/05/08

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Bob Friesen, President

Justin To, Executive Director

Department of Agriculture and Agri-FoodPierre Corriveau, Acting Assistant Deputy Minister,
Corporate Management**Grow Canada**Denise Dewar, Vice-President,
CropLifeRichard Phillips, Executive Director,
Grain Growers of Canada**Canadian Egg Marketing Agency**

2007/05/10

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Laurent Souigny, Chair

Peter Clarke, Vice-Chair

Fred Krahn, Executive Committee Member

Department of Agriculture and Agri-FoodMarc Fortin, Assistant Deputy Minister,
Research BranchSuzanne Vinet, Assistant Deputy Minister,
Strategic Policy BranchGilles Saindon, Director General,
Science Bureau**As Individual**

2007/04/17

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Brenda Schoepp,

Doug MacCallum,

2007/04/23

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Don Bettle,

2007/04/24

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Justin Gaudet,

2007/04/24

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Robert Speer, Dairy Producer

2007/04/24

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Larry Davis, Farmer

2007/04/26

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Terry Betker, Former member,
National Safety Net Advisory Board

2007/05/08

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APPENDIX B LIST OF BRIEFS

Organizations and individuals

Agricultural Producers Association of Saskatchewan

Agri-Trend

Agrobiopole

Alberta Beef Producers

Alberta Grain and Oil Seeds Crisis Advocacy Trust

Alberta Pork

Alberta Soft Wheat Producers Commission

Alternative Land Use Services

Au coeur des familles agricoles

BC Fruit Growers Association

Bifrost Bio-Blends

British Columbia Agriculture Council

British Columbia Cattlemen's Association

British Columbia Grain Producers Association

British Columbia Landscape & Nursery Association

British Columbia Milk Producers Association

Canadian Animal Health Coalition

Canadian Association of Agri-Retailers

Canadian Bankers Association

Canadian Bison Association

Canadian Canola Growers Association

Canadian Cattlemen's Association

Canadian Council of Grocery Distributors

Canadian Egg Marketing Agency

Canadian Federation of Agriculture

Canadian Horticultural Council

Canadian Pork Council Safety Net Committee

Canadian Sheep Federation

Canadian Soybean Council

Canadian Wheat Board

Canadian Young Farmers' Association

Centre d'expertise en production ovine du Québec

Chicken Farmers of Canada

Chicken Farmers of Ontario

Consumer Interest Alliance Inc.

Dairy Farmers of Manitoba

Dairy Farmers of New Brunswick

Dairy Farmers of Nova Scotia

Dairy Farmers of Ontario

Davis, Larry

Delta Farmers' Institute

Department of Agriculture and Agri-Food

Ducks Unlimited Canada

Eastern Greenway Oils Inc.

Egg Farmers of Ontario

Farm Pure Inc.

Fédération de la relève agricole du Québec

Fédération des agricultrices du Québec

Fédération des producteurs de porcs du Québec

Gaudet, Justin

Government of Manitoba

Grain Growers of Canada

Keystone Agricultural Producers

Manitoba Agricultural Services Corporation

Manitoba Canola Growers Association

Manitoba Chicken Producers

Manitoba Corn Growers Association Inc.

Manitoba Farm and Rural Stress Line

Manitoba Pulse Growers Association Inc.

National Farmers Union

Natural Organic Food Group PEI Inc.

New Brunswick Egg Producers

Newfoundland and Labrador Federation of Agriculture

Newfoundland and Labrador Young Farmers' Forum

Nova Scotia Federation of Agriculture

Nova Scotia Fruit Growers' Association

Okanagan Kootenay Cherry Growers Association

Ontario Apple Growers

Ontario Cattlemen's Association

Ontario Corn Producers' Association

Ontario Federation of Agriculture

Ontario Fruit and Vegetable Growers' Association

Ontario Pork

Ontario Tender Fruit

Ontario-Quebec Grain Farmers' Coalition

Perth Federation of Agriculture

Porc NB Pork

Pork Nova Scotia

Possberg Grain Farms Inc.

Potatoes New Brunswick

Pound-Maker

Prince Edward Island Cattlemen's Association

Prince Edward Island Federation of Agriculture

Prince Edward Island Pork

Prince Edward Island Potato Board

Prince Edward Island Young Farmers' Association

Pulse Canada

Saskatchewan Alfalfa Seed Producers Association

Saskatchewan Pork Development Board

Southern Interior Stockmen's Association

Speer, Robert

Union des producteurs agricoles

Union des producteurs agricoles de la Côte-du-Sud

University of Manitoba

University of Regina

Weber Commodities

Western Barley Growers Association

Western Canadian Wheat Growers Association

Western Cervid Rancher's Association

Wildrose Agricultural Producers

Young Farmers Individuals

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 39-64](#)) is tabled.

Respectfully submitted,

James Bezan, MP
Chair

Conservative Minority Report --- June 21, 2007

The Government Members of the Standing Committee on Agriculture are disappointed with the delay in the tabling of this report. Throughout this process, Government members have been committed to allowing for feedback from the very people the new Agriculture Policy framework will affect the most – the primary producers. Given the importance of producer-input in the development of these new policies, it was imperative that this report be tabled in a timely manner. It was our goal to have the public hearings late last fall and early this spring. However, because of Opposition delays caused by revised agendas and debate on Members motions, we were unable to have the hearings until late April when many farmers were already beginning spring preparation work. The delay was unfortunate.

The Government Members felt that it was important that the Committee produce a unanimous report. We worked to this end but it was not possible. This does a disservice to the producers who made their views known. It was our opinion that the recommendations should reflect the presentation of the witnesses and not the specific political will of the members. With the exception of Recommendation 21, we believe the recommendations generally reflect the testimony of witnesses. Unfortunately, Number 21 is incomplete and unbalanced and fails to accurately reflect the variety of, and indeed, the majority opinion in Western Canada. Testimony was given that indicated that farmers had very different positions and that there was no consensus with regard to the role of the Canadian Wheat Board. Witnesses took stands on both sides of the issue, with some declaring that the CWB met their marketing needs while others insisted that the Board was an impediment to their ability to manage their farms and insisted on the need for freedom to make their own marketing decisions.

Clearly, the CWB is a contentious issue and it is unfortunate, but not unexpected, that the Opposition would once again fail to represent both sides of the issue. It is the opinion of Government Committee members that there were several ways to deal with this issue that would have allowed for a unanimous report. Allowing both positions to be presented in the text without a specific recommendation was one option. Another could have allowed for two recommendations, acknowledging the different positions of producers. A third option could have been to copy the practice of the Standing Committee on Justice and Human Rights in their Report 6 which allowed for a majority recommendation with a separate section to allow for a Government response and recommendation. We would have supported a balanced representation of farmers' views.

In order to avoid confusion, it is important to point out that supply management and the Canadian Wheat Board are completely different systems. One is national in scope and contains price, supply and export/import controls. The other is a regional, coercive agency without managed supply, controlled price or export/import measures. As well it has very limited support from its participants as evidenced by the results of the barley plebiscite and polling. Its provisions apply only to a limited region.

Producers are aware, as are Government Members, that there are no national single desk marketing boards in existence in Canada but we recognize the jurisdiction of the provinces over marketing boards.

The Government Members of the Committee wish to expand on the report with the following recommendations:

Orderly marketing and the CWB

The Government Members of the Committee recommend that the federal government continue to recognize the right of the provinces to establish orderly marketing structures as a tool,

Government Members of the Committee also recommend that with respect to the western Canadian Wheat Board, producers be allowed to voluntarily participate.

Tax Recommendation

The Government Members of the committee recommend that the government consider implementing policies to reduce taxation on primary agriculture production, as part of the government's strategy to stabilize producers' income in the long term and maintain Canadian agricultural competitiveness in the world.

Agriculture Programming Recommendation

The Government Members of the committee recommend that the Government undertake a review of all Agriculture programs introduced prior to January 23, 2006 that are still in place to date and examine the effectiveness of those programs for primary producers and the agriculture industry, and report back to the Committee.

Competitiveness and Business Risk Management Recommendation

The Government Members of the committee recommend that Agricultural Business Risk Management Programming should be designed while keeping in mind that a competitive balance must be maintained whether it is within a particular commodity industry or between the different sectors of Canadian agriculture. We prefer that future programs be trade-neutral and do not distort the domestic or international market place.

Foreign Subsidies and Trade Barriers Recommendation

The Government Members of the Committee recommend that Canada pursue the Doha round of negotiations, with the goal of reducing trade distorting domestic support, eliminating export subsidization, and gaining market access, while aggressively representing the interests of the various sectors of Canadian agriculture.

The Government Members of the committee wish to make a stronger recommendation than that of the committee as whole and recommend that the government aggressively pursue greater access to international markets specifically the European Union and United States. It is also recommended that Canada take every opportunity to ensure the reduction of market distorting subsidies and trade barriers created by our international trading partners.

Environment Recommendations

The Government members of the Committee also recommend that in the implementation of government programs or initiatives including environmental farm plans, that private property rights be adhered to, and that compensation to the landowners for loss of present and future use of said landscape be borne by the public.

The Government members of the Committee also recommend that participation on federal agricultural environmental programs be voluntary.

The Government members of the Committee recommend that any federal program or funding involving caveats on private property limit such caveats to 25 years.

The Government Members of the committee fully support government programming to encourage best environmental practices in agriculture but recommend the Federal Government play a leadership role in ensuring that farmers are not negatively impacted by environmental polices and regulations.

