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Chair

Mr. Larry Miller

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● (1530)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): We're going to call the meeting to order. Could I ask everybody to come to the table, please?

Before we turn it over to our witnesses, you have a housekeeping matter in front of you. It is a budget item of \$39,550. This is basically to be able to pay the travel expenses of the various witnesses we've seen on our tour for the future of agriculture study. I'll entertain a motion on this.

Hon. Wayne Easter (Malpeque, Lib.): So moved.

The Chair: It's moved by Mr. Easter. Discussion? All in favour?

(Motion agreed to)

The Chair: It's carried unanimously.

Thank you very much, lady and gentlemen. With that, we'll turn it over to our witnesses.

Thanks to all of you for being here today. With weather like this, I know you'd sooner be on the farm, but we appreciate you coming here.

First of all, we're going to turn it over to Travis Toews, president of the Canadian Cattlemen's Association.

Thanks, Travis.

Mr. Travis Toews (President, Canadian Cattlemen's Association): Thank you, Chairman.

My name is Travis Toews. My family and I ranch west of Grande Prairie, Alberta, and I'm currently the president of the Canadian Cattlemen's Association.

The topic of young farmers and ranchers and the future of agriculture is a very important topic and one that's important to me personally. I have three teenaged children who enjoy and appreciate agriculture and are considering their future course of studies and career direction.

The question of what we need to do to encourage young people to take up a career in agriculture is a good question, but one that I believe we often needlessly complicate. I believe that a career in agriculture, and specifically a career in the cattle industry, would be the first choice of many talented and motivated young people in Canada, but they must first be assured that there's some expectation of a profit for a well-managed operation.

While I don't believe that government or, maybe more accurately, the taxpayers of this country owe us the right to make a living in agriculture, there is a critical function government must perform to ensure that producers have every chance to succeed. The cattle industry is dependent on exports; we compete in a North American and a global environment. In order to succeed, we must ensure that our industry has a very competitive business environment.

For the Canadian cattle industry, I define competitiveness as: competitive market access into all the major beef-importing countries of the world; the most efficient and cost-effective regulatory environment possible; and implementation of cutting-edge research and technology.

We continue to have limited or no access for Canadian beef products into the important Asian markets of Japan, Korea, China, and Taiwan. Our access is also limited in Mexico, and country-of-origin labelling legislation in the U.S. has decreased U.S. demand for Canadian live cattle.

We are pleased that the Government of Canada has taken action at the WTO with Korea and the U.S., and that Minister Ritz continues to make market access a priority by travelling to these countries, pressing for market access. While we've made some progress in certain markets, the bottom line is that we remain at a competitive disadvantage on the market access front.

We have high expectations for the market access secretariat, and we're very pleased that the minister acted on this key recommendation. However, the secretariat continues to be a work in progress and will require further adjustment and mandate to meet the industry's vision of moving Canada's negotiating capability to the top of the podium.

We also have high expectations with the EU free trade negotiation. We have commissioned a study to determine the potential opportunity that duty-free access into the EU would create for the Canadian beef industry. While the study is not yet complete, early indications suggest that significant opportunity will exist.

However, this negotiation must provide for very substantial duty-free market access and also provide resolution to the technical issues that currently hinder our access. If the negotiation is a success, it will provide incentive for a segment of our industry to adopt required production protocols and produce specifically for this market. I would see small and mid-sized operations having an advantage in meeting these protocols.

Our regulatory environment plays a huge role in determining our global competitiveness and, ultimately, our profitability. I recently spoke to this committee on the effects of the enhanced feed ban and the economic effects it's having on our competitiveness, but that's not the only regulatory issue.

While the veterinary drug directorate has made strides in dealing expeditiously with new product approval requests, we continue to have less access for food animal production products than do our competitors, and we also pay more for the products we have access to. The regulatory requirements need to be improved and streamlined to encourage companies to apply for approval of food animal production products in Canada.

We also need to ensure our regulatory approach for new feed-grain variety registration. We need a registration process that encourages the development of new seed varieties, which is also an essential component to our overall competitiveness as an industry as a whole.

There are many other small regulatory costs levied at municipal, provincial, and federal levels and they all, incrementally, negatively affect our competitiveness.

In order to be competitive in the long term, the cattle industry in Canada must also have access to cutting-edge technology. Productivity will be key as we compete with other high-quality beef exporters.

• (1535)

Investment in research and development must continue, and we need a process in place to properly prioritize and coordinate projects. To this end, we are pleased with the formation of the beef science cluster, but we must ensure that, in this tight fiscal environment, adequate funding remains for critical research.

CCA has also initiated the beef information exchange project, which will allow supply-chain participants to share production information up and down the supply chain. We believe this infrastructure will provide the information necessary for primary and seedstock producers to improve genetics and production practices and also provide them with the opportunity to differentiate their product. Feed yards and packers could also use this information in procuring cattle to fit certain production and genetic protocols.

In this period of extreme financial volatility, producers require access to risk-management tools. A cattle price insurance program has been implemented in Alberta that manages the three basic components of price in one tool. These components are the futures risk, the currency risk, and the basis risk. We are working to develop a model that can be implemented nationally and believe it could be a very useful tool for producers to manage their price risk in this volatile environment.

The cattle industry in Canada grew and flourished due to abundant access to grassland forage, feed grain, clean water, and access to valuable markets. Producers have persisted through tough times and through good times and have taken responsibility for their decisions with an attitude of independence and resilience.

These factors are still present today. I believe that if we can deal with the competitiveness issues before us, the cattle industry in

Canada has the potential for a bright future, a future that will attract the involvement of young people across the country.

● (1540)

The Chair: Thanks very much, Travis.

I'll now move to Eugene Legge, president of the Newfoundland and Labrador Federation of Agriculture.

Welcome.

Mr. Eugene Legge (President, Newfoundland and Labrador Federation of Agriculture): Thank you.

I'll speak slowly so you can understand what I'm saying. I've been told I have a little bit of an accent—

Voices: Oh, oh!

Mr. Eugene Legge: Actually, I thought this was more so about young farmers—

What...?

A voice: That's for us.

Mr. Eugene Legge: Probably even better for you, too, right...?

Actually, I thought this was more about young people than us seasoned people sitting around this table. It is interesting to see that.... We try to encourage young people to get into agriculture, and in our province it's key, because we're so new in the way of agriculture. In our province, we've been in the farming industry for only 40 or 50 years, so how do you get young people like the person on my right interested in something that is not very productive, to say the least?

Young people are very well educated versus what I was when I started agriculture 40 years ago. They enter this business with a debt from student loans before they get there; then they're expected to raise capital to start farming somewhere in this country. They do have business plans, and they'll say very quickly that they have a huge debt looking at them, because most farmers who sell their operations are looking at their farms as their pension plan and a way of living in the future.

We know, or we've been told, that the Canada's pension doesn't seem to be the be-all and end-all for us senior people, so you have to look after yourself in the way of providing financial aid for yourself in the future. If you are a farmer, that farm is your aid in the future, there's no question about it.

Another question is about opportunities in farming. The first thing we have to do is put profitability back into farming. It's not there right now. We see some glimmer of hope in some of the supplymanaged sectors, but even then we're hearing some horror stories about the price of quota and how we get people to buy into supplymanaged sectors. It's getting too expensive to get in there.

Starting up a farm is hard enough, especially when you're starting from scratch and you have to go out and clear land. In our province, we are still clearing land. We need another 40,000 hectares. When you look at the numbers in our province, we grow 15% of our vegetables, 2% of our beef, and 0.5% of our pork. We're self-sufficient in dairy and self-sufficient in eggs and 70% in chicken. For sheep, it's probably about one-seventh of a per cent, so you can see in our province.... We also have very little grain. We could be self-sufficient in grain if we had the land base cleared. That's the challenge. It's up to us.

Not only are we seeing young people starting in agriculture in our province, but we're seeing people who are 30 years old and 40 years old. Now, to my mind, that's getting close to the age of a seasoned farmer, not a young person.

More and more demands are being put on today's farmers, such as paying the cost of looking after the environment. We own, I suppose, the majority of the land in this country, and we are expected to look after this land base.

We're asked to provide food safety. We've always been told that we have the safest food in the world, but we have to prove it now, and there's a cost.

If you're into livestock, animal welfare is raising its ugly head again. You have to provide for animal welfare and document it. You must have your doors open if someone wants to come in and look at what you're doing.

Those are a few things from my notes here. I'm probably better at answering questions than I am at speaking.

I'm wondering what we have to do to entice the young people here, like Chan and Jill, who are sitting either side of me, to want to go into agriculture. If you don't make any money, why would you want to go down that road? Most kids are now coming out of school with \$40,000 or \$50,000 worth of debt, and then, if they want to get into a supply-managed commodity, they have to turn around and look at \$3 million or \$4 million more.

At today's prices, if you can't get at least a 5% or 10% return on your investment, you're not going to last. Because every time you turn around, someone is out there with their little hand out.

In the last five years, you've seen your fuel prices go through the roof, your fertilizer prices go through the roof, and also your labour costs, if you can get the labour to work on the farm—it's gone. Your workers' compensation premiums have gone up. Your unemployment premiums have gone up. Every time you turn around, there is someone trying to get that little tiny 5% that you have—if you have 5%.

● (1545)

And at the end of the day, if you don't have anything to put in your back pocket, you're not going to get people to get involved.

Thank you.

The Chair: Thanks very much, Eugene.

Now, from the Newfoundland and Labrador Young Farmers' Forum, we have Chan Wiseman.

Chan, I think we saw you two or three years ago out on the east coast. I thought I recognized you. Welcome back.

Mr. Chan Wiseman (Vice-President, Newfoundland and Labrador Young Farmers' Forum): Thank you.

Yes, I was in Nova Scotia. You guys didn't make it out to Newfoundland

Thank you, Mr. Chair, for inviting Mr. Legge and me. I do recognize a couple of faces around the table from the last time that I spoke. I think that was in 2007. I'm certainly glad to be here and I'm certainly glad to enjoy some of the warm weather. When we left it was seven degrees Celsius in St. John's, so this is a little too warm, actually; it's the other extreme.

In any event, thank you for the opportunity to present a Newfoundland and Labrador perspective in terms of young farmers and the future of farming in Canada, but also specifically in Newfoundland and Labrador.

Before I begin my formal comments, I would like to provide a brief background about me and about our young farmers organization. Certainly, being a devout Newfoundlander and Labradorian, I never miss an opportunity to talk about us and our province.

I've been involved with the Newfoundland and Labrador Young Farmers' Forum since 2003. We're a young organization. We're a volunteer organization. We don't have staff who are working on initiatives and so forth. We're a bunch of passionate, energetic young farmers who really want to advance the industry in Newfoundland and Labrador.

We're trying a number of initiatives to enhance the visibility of the industry, and also to enhance the business skills of our young farmers, because in today's global market, you certainly have to understand global economics and good business practices. As well, you need to have that solid business plan in place if you're going to have a viable industry. Our ultimate goal, as I said, is to try to make farming more viable in Newfoundland and Labrador.

I'll be up front: Newfoundland and Labrador is very unique in terms of the rest of the country. In a lot of regards, we are underdeveloped in terms of agricultural production at the primary production level. The industry is probably worth about half a billion dollars to the economy of the province, but we import a lot of food.

Eugene supplied some numbers regarding what we grow in the province and what we actually consume provincially. We are very unique in terms of the rest of the country.

As well, we import a lot of food for the dairy industry in order to feed dairy cows in order to produce the milk that we produce. So from that perspective, we are a little unique.

Today I'm going to have a two-pronged approach. I looked at the e-mail that was sent to the Federation of Agriculture. There were two questions in that e-mail.

One was that you wanted some feedback in terms of Growing Forward programming and where we are currently in terms of implementation and getting funding out the door to young farmers and other industry stakeholders. But I'm also going to talk about some of the challenges facing the sector in this country and also in Newfoundland and Labrador. I do have a couple of recommendations in terms of solutions on how we can improve the situation from an agricultural perspective.

I would like to start my formal comments by recognizing the support of the Newfoundland and Labrador government. Our provincial agriculture department is housed with the Department of Natural Resources in the province, so it's in quite a large department. Natural Resources would basically oversee all oil and gas development, all energy development, mining, forestry, and so forth.

In the mix of all that, agriculture sometimes doesn't get a high profile, but the department certainly has been very supportive of our young farmers' group and also of the Federation of Agriculture. We also receive a lot of support from the federal government through Agriculture and Agri-Food Canada. The officials and personnel on the ground are doing a fantastic job in terms of listening to our ideas and the solutions we propose for the industry.

On May 1 of this year, we held our leadership summit and annual general meeting for the Newfoundland and Labrador Young Farmers' Forum. Throughout that day, we had a panel discussion on funding opportunities for young farmers. We also did a number of leadership development workshops focusing on network development.

● (1550)

We also had a Dale Carnegie trainer come in and speak with our group to help develop some of the softer skills of young farmers, because I believe it's very important, if we're going to have a viable industry in the province and have open communication with government, to be able to articulate our ideas so we can get action on a lot of issues that we feel are important.

We also had a presentation with one of our partners through the Outstanding Young Farmers program. We had a couple down from P. E.I., Greg and Tania MacKenzie, who Wayne may know from P.E.I. They spoke about their success story in agriculture. I certainly believe that taking this positive approach to agriculture and highlighting a lot of the success stories will really motivate young farmers.

Certainly, a lot of the costs associated with organizing an event of this nature were funded through Growing Forward. I believe that is an excellent example of how we support young farmers. We build their leadership skills and we build their business skills, because at the end of the day, that's ultimately going to make agriculture more viable.

Overall, the agrifood development branch and Agriculture and Agri-Food Canada are actively engaged with our organization and are listening to our ideas and views. Also, this past March, we coordinated a round table discussion with young farmers from across the province. We brought in young farmers from Labrador and all across the island as well. We discussed Growing Forward programming, education and training, food security, access to land, research, and attracting new entrants.

Currently, we are in discussions with the agrifood development branch, through the provincial government, to explore ideas of how to raise awareness of career and entrepreneurial opportunities in agriculture for young people in our province. Also, we are researching retention activities for members of our organization, such as training, networking, and trade missions.

At this stage, it is difficult to determine whether our efforts will materialize in a quantitative manner and more young people will become engaged in farming activity. We will continue to work with both levels of government to evaluate the success of our efforts during the next three years of the Growing Forward program. I certainly believe that a healthy dialogue is important to ensure that we invest strategically and that policy direction is reflective of the views and opinions of those engaged in agricultural activities.

In terms of some challenges facing the sector, I think first we have to reflect on the reasons why young people generally are not considering agriculture as a possible career. Many barriers prevent young people from starting a farm enterprise. We are certainly all aware that most young people who are farmers were raised on a family farm or have a well-established connection to the agricultural industry or the farming community. For a person with no connection to farming, the capacity to start or take over a farm is very limited. That's a fact.

In Newfoundland and Labrador, there is opportunity for growth in agriculture, specifically in vegetable production and the red meat sector. There are challenges that face these commodities, and we all know what those challenges are, but at the primary production level there is a real opportunity to stimulate agricultural growth and to create economic development.

For example, we import roughly 85% to 90% of the vegetables consumed in the province and an even higher percentage of red meat. Based on these import figures, a business case can be made that Newfoundland and Labrador could produce more food for local consumption.

So why don't young people consider pursuing such a worthwhile opportunity?

Here are a couple of reasons. There are high start-up costs. The ability to borrow is limited. Eugene talked about student debt for young people as a major issue. There is the instability of farming income. Also, the bureaucratic process to access and secure land is something that's a huge barrier, especially in our province, and I'm sure it's the same right across this country. Another reason is the availability of formalized training programs.

Also, the farming lifestyle is not attractive. There certainly are a lot of attractive aspects of farming, but there are a lot of unattractive aspects as well, such as long hours, stressful work, and lack of financial security.

One of the other reasons that a lot of young people don't consider agriculture is that they're simply not aware of the opportunities. I think we need to initiate an awareness campaign as well.

How can the federal government assist the farming sector in Canada and in Newfoundland and Labrador?

I have five recommendations.

● (1555)

My first recommendation is to facilitate the creation of research projects to support the sector to make it more innovative, efficient, and competitive. Newfoundland and Labrador research is ongoing and has benefited the sector tremendously. Currently, research is not well coordinated in terms of connecting industry—farmers—to academia and researchers.

My second recommendation is to continue to work with the Canadian Young Farmers' Forum to understand the needs and expectations of young people and also to retain those who are engaged in farming activity.

My third recommendation is to identify outreach initiatives to expose young people to farming in order that the next generation will have, one, a greater appreciation of agriculture, and, two, will consider farming as a potential career option.

My fourth recommendation is to develop incentive-based programming to attract more young people to farming. An example of this would be an interest-free loan program.

My fifth recommendation is to recognize the unique nature regarding challenges and opportunities regionally and/or provincially. While Canadian agriculture has many common issues, there are specific needs with respect to the provinces and territories that must be recognized. Funding programs and policy direction should reflect the uniqueness of a particular region in order to provide the conditions that will allow the ability to address challenges and pursue opportunities.

Up front, I mentioned that Newfoundland and Labrador is very unique in terms of where we are in agriculture production, and we certainly believe there should be recognition of that uniqueness.

That concludes my formal remarks. I will also e-mail a formal submission. Trying to be environmentally friendly, I didn't bring copies, so I'll send it along via e-mail.

Thank you.

The Chair: That would be great, Chan. If you send that to the clerk it will be translated in both languages and passed out to members. Thank you very much.

I'll now move to Jay Fox, president of the Manitoba Cattle Producers Association.

Mr. Jay Fox (President, Manitoba Cattle Producers Association): Thank you.

My name is Major Jay Fox and I am a cattle producer from Eddystone, Manitoba. My wife and I own and operate Steadfast Ranch, a cow-calf operation based in the heart of Manitoba's cattle country. I am a proud fourth-generation cattle producer. My history and my legacy to the fifth generation of the Fox family are my ultimate motivation.

That said, my motivation is also for the cattle industry. If the industry as a whole is suffering, my own individual efforts are defeated. For our industry to be sustainable moving forward, cattle producers are in desperate need of programs that work, regulations

that are properly addressed, and new markets that are developed both locally and globally.

I'd like to address a number of these issues today.

Concerning business risk management programs, Manitoba cattle producers are pleased that we were able to receive agricultural funding in the recent years, but through that exercise, we discovered that many producers who needed assistance were not eligible. It became apparent that some were not eligible due to their political location, even though they were faced with extreme moisture or drought conditions.

I have also personally seen producers who were eligible and able to take advantage of the interim advance through AgriStability and then receive funds for AgriRecovery. But their dollars were clawed back when they did their AgriStability forms the following year.

Because of this, the Manitoba Cattle Producers Association, our provincial association, has worked on developing two different programs with our national outfit here, the CCA, to address this need: hay and pasture insurance and cattle insurance. These two programs are bankable. They are based on your individual IPI. If structured properly, in consultation with industry, we would have the right programs in place for people who need them.

Manitoba cattle producers are clearly in support of market access for our producers. The more options we have to sell, the higher the rate of return and profitability. One challenge we see for trade, however, is how the cost of SRM disposal has hurt our industry. while producing little additional market access. We are not harmonized with the U.S., and it's costing us more money. When it costs more money, it comes right out of the grassroots producers' pockets.

Historically in Manitoba, before SRM regulations, dead stock would be picked up by private companies and rendered at no charge to producers because they had a value for that product. Now they no longer pick up dead stock and no rendering whatsoever takes place. Abattoirs have to pay extra funds for handling and disposing at landfills. Because dead stock is no longer picked up from producers, one of the side effects we're seeing across the country is an increase in problem predators.

Producers are continuously given a discourse on biosecurity: food safety and traceability issues and the like. We take all of these issues seriously, but all these issues have costs. Producers do not have the equity to fund all of these issues. We have a CCIA system that is internationally recognized, which industry both participates in and supports. If more producer data is needed or required, then the government and the public should be willing to pay for it. Producers are doing their share.

With regard to traceability, any traceability systems must be on a national level, for provinces should not be allowed to implement their own provincial traceability systems or food safety systems because it is counterproductive. We need to have a national herd, not a collection of provincial herds; therefore, the federal government needs to take the lead.

We have been living with TB in the wild elk herd in Manitoba's Riding Mountain National Park for over 20 years. It should have been stamped out years ago, but political inaction allows the disease to persist while cattle producers operating around the borders of the park are relentlessly asked to test and implement management practices. There must be a clear eradication strategy for eliminating TB in Riding Mountain National Park before government can realistically expect producers to consider any other new regulatory initiatives.

● (1600)

Producers are natural environmental stewards because being so is necessary for us to sustain our business; without grass and forages, we wouldn't survive, because we wouldn't have feed. It is also something that cattle producers take great pride in, yet now we're being advised that in order to be recognized as environmental stewards, we must adhere to government-imposed mandates and potentially face new carbon taxes.

It is frustrating when we do all the right things yet the benefits the public is already receiving due to our environmental stewardship are not recognized. Worse yet is when we are incorrectly viewed as part of the problem—for example, in campaigns such as "Meatless Mondays".

In the absence of national programs, our provincial government has begun a pilot project on hay and pasture insurance. It is of the utmost importance to have something in place on this and on cattle price insurance for this fall. These are tools that producers need to provide some predictability to our business.

To close, on behalf of the cattle producers of Manitoba, I want to emphasize that even those of us who have survived the last several unprofitable years are constantly having to decide whether to stick with it or not. We are committed to ensuring the sustainability and advancement of agriculture in our province and our country, but the bottom line is that unless government controls and regulations come hand in hand with government responsibility, then fewer and fewer of us will choose to mitigate the risk of ranching in Canada.

Thank you.

The Chair: Thanks very much, Jay.

We'll now go to Jill Harvie, who is last but certainly not least.

Jill, I believe you farm near Olds, Alberta. Thanks for being here.

● (1605)

Ms. Jill Harvie (Rancher, As an Individual): Thank you, Mr. Chair.

I grew up on a purebred Hereford operation about 20 minutes from here in a town called Navan. After my studies in agricultural business and science at the University of Guelph and at Olds College, I began my career with Cargill and now work for the CCA.

Just last year, my parents sold their electrical business and cattle operation in Navan, and now I'm a part owner in their farm near Regina, Saskatchewan. I am also an active owner in my husband's family operation, which runs about a 250-head purebred cow-calf operation near Olds, Alberta. My husband, his brother, and parents

run the farm full-time and I work off the farm. The two remaining brothers are pursuing other careers.

Why am I in agriculture? There's no better feeling than feeding the world while taking care of our animals and nourishing the land.

I see countless opportunities for young farmers in the future. We have an extensive land mass and breeds that perform very well in Canada's climate, while providing a competitive advantage in beef quality and cattle performance.

We have diversified our operation from live cattle sales to focus on efforts in genetic sales internationally. My husband and I recently returned from Australia, where we promoted and sold semen and embryos.

What a great opportunity to visit a similar competitor/customer in the world market. Even with a high dollar, this export-dependent country is thriving. There is a resurgence of young farmers building a future in beef, encouraged by their government, which seems to be nimble and aggressive in market access.

A great example of how Australia supports its export sector was in its response to the U.S.-EU duty-free quota agreement, where Australia's regulator did what was needed to get Australia access under the EU quota. Canada's regulators continue to sit back while Canadian beef exporters miss out.

However, I left Australia feeling encouraged, with some genetic sales in my pocket and a vision of what we could achieve in Canada. But we need government agencies that are quick to react to our needs and aggressive in their approach to gaining market access.

This will occur only by first addressing the culture within the CFIA. CFIA must build the capacity to service our needs in export-focused win-win viewpoints. An effort needs to be made to consult industry and hire from a pool of resources with a beef background. CFIA must allocate efforts on key markets while removing unnecessary regulatory barriers that I see in the genetics world way too often.

This leads to my next point. We urgently need to become competitive with the United States. Why not look at a North American standard in SRM removal? Canada's enhanced feed ban costs is averaging \$31.70 per head on OTM cattle. These regulations need to be realigned with those of the U.S. for our cattle sector to survive.

In this highly competitive marketplace, my generation is prepared to take on new initiatives that build our competitive advantage. Our ranch takes many risks by heavily investing in our products, knowing full well that it is a risk-reward scenario with many variables, such as conception rates, semen collection, and flush results. However, what we need is a constant at CFIA that negotiates terms for meaningful access. Young farmers need to see that CFIA is a partner, not a barrier, to a successful business.

Industry and government partnership investment in initiatives such as the Beef InfoXchange System and investment in cattle genomics are substantial for seedstock in the beef world. Imagine the efficiency gained by identifying traits of cattle that finish two weeks earlier than normal. We need to continue such investments but quickly realize that they will not be put to use in Canada unless our industry survives.

Finally, I cannot stress enough the importance of investment in the transition from baby boomers to generations X and Y. We need to prepare solutions for successful intergenerational transfer while supporting such initiatives as young leaders forums, mentorship opportunities, and consumer education.

I've been involved in 4-H, youth breed associations, and fairs and exhibitions throughout the years, all of which are great venues to educate ourselves and our cousins from the city about beef. Most recently, I had the opportunity to represent Canada at the Five Nations Young Ranchers Round Table in Denver, Colorado. This program was created by Kim O'Neil from the Canadian consulate in Denver and the Five Nations Beef Alliance.

● (1610)

Accompanied by two other Canadian ranchers, I took part in multiple activities from touring case-ready plants to the International Livestock Congress. Finally, there was the round table at the consulate, where each nation shared its beef industry successes and challenges. All five nations, including Australia, New Zealand, U.S., Mexico, and Canada, are in the final stages of producing a YouTube video that will feature each participant at their home operation talking about the land they love and why they choose to raise cattle and feed the world a highly nutrient-dense protein called "beef".

I am truly passionate about agriculture. I hope you can see that. I'm not alone in this. There are many young faces trying to decide if they can afford to be in this business. Other nations are paving the way to a healthy, sustainable beef industry and I know we can do the same

Thank you.

The Chair: Thank you very much, Jill.

We'll now move to questioning for seven minutes.

Mr. Easter.

Hon. Wayne Easter: Thank you, Mr. Chair.

I thank you folks for coming. These were interesting presentations.

It's been an interesting set of hearings right across the country, from coast to coast, actually, and the common theme everywhere is that without profitability young people will not come into the industry. Secondary to that, there are a lot of current safety nets, current programs, that are not working in this country, which is far different from what we're hearing from the minister.

Mr. Chair, if I could come to one issue that, as Mr. Fox said, has been an issue for 15 years, it's Rocky Mountain National Park and TB. I'm sure Pierre must get a lot of calls on it. I know I do, and I have been for years.

I'm just suggesting, Mr. Chair, that part of the problem there is not just Agriculture Canada. In fact, I think Agriculture Canada is a small player in that. It really is Parks Canada and their involvement. It's just to suggest to the chair that maybe we need to call both departments in together—and if there are any others—and ask them to look at that issue. Call in a person in from Winnipeg, because I don't know how cattle farmers in that area survive at all. They're spending all their time with frustration.

Anyway, that's just a suggestion that maybe we could talk more about later, Jay.

Travis, on the SRM, specified risk materials removal, I think all the cattle people have mentioned that being still a serious issue. Where are we at with the money the minister announced on that issue? I think we tried last October, in a motion from André, to get money out to producers based on an all-industry proposal that came forward, and we weren't successful.

Where is that money at now? Has it been paid out? Have producers received that money? Have the plants received that money? Are the producers seeing the benefit of that money that was announced in the budget?

Mr. Travis Toews: From my understanding, the details are still being developed. Of course, the funding was earmarked to us at costs of disposal, and to the best of my understanding, funds haven't been paid out at this point.

Hon. Wayne Easter: Okay.

There's another question I had for you. You mentioned cattle price insurance, which is an Alberta program. Coming from the east, where Eugene comes from, we don't have a lot of programs in eastern Canada that are there in western Canada, yet we're impacted by surpluses—if there are surpluses—right across the country.

Does the cattle price insurance program qualify under AgriFlexibility or is there any involvement? I just met with people recently on the cattle market price insurance program. Is there any involvement from the federal government in that or is it just strictly the province?

Mr. Travis Toews: In Alberta, I don't believe there's any federal involvement at this point in time. In fact, the Alberta program is considered to be funded by producer premiums.

Hon. Wayne Easter: So it's actuarially sound with producer premium subsidy objective...?

Mr. Travis Toews: It is supposed to be actuarially sound. Correct.

Hon. Wayne Easter: Coming to the younger farmers, you said, Chan, to identify outreach programs, and I guess it was to expose agriculture more. Jill mentioned 4-H. What specifically are you talking about there?

And I agree with you. When you get young people out there on the farm—with the exception of the problem of profitability—they like the industry and they want to get into it. Capital access is a problem and so on. But what kinds of programs are you talking about?

(1615)

Mr. Chan Wiseman: Well, there were sort of two ideas in the outreach initiative. One was so that the next generation would simply have a greater understanding of and appreciation for agriculture.

I think the public plays a tremendous role in terms of supporting the industry. We have a very complacent public. Most people want to pay for a product that they can just purchase very conveniently at store, at any store, at a Wal-Mart or a Loblaws. I certainly believe it's a public campaign as well. I think you really have to look to the next generation in society, to the next generation of Canadians as well. If you can expose young people to agriculture so that they understand the industry, I think that would be really important. Most kids today believe their apples come in a plastic bag from the store, and it's really not the reality. That was one part of the outreach initiative.

The other part was to expose young people to agriculture and to farming and to expose them to the opportunity that's certainly there. Eugene and I both talked about the business opportunities for young people in Newfoundland and Labrador. I'm talking about going right down to the elementary school level, to the primary school level. We have a number of initiatives. I know that these initiatives are happening across the province in terms of agriculture in the classroom, but it certainly needs to be a key component of the curriculum. It needs to be a key component of elementary education right through to the high school level.

That's where I'm going in terms of outreach. It certainly would go across provincial borders in terms of working with the department of education, for instance.

Hon. Wayne Easter: I want to come to Jill, but I have a question for you, Eugene, and you can think about this while Jill's answering.

You said that if you can't get a 5% to 10% return on investment, then you're not going to bring people in. I need to know what you think the return on investment is in this industry overall, and I know it's not that.

Jill, you've talked about Australia and the response of the Australians to the U.S.-EU. Can you expand on that somewhat? What did the Australians do? I'm not aware of what they've done.

Ms. Jill Harvie: I can also defer that one to Travis.

Mr. Travis Toews: Sure. I think I can answer that. Basically, in that definition of beef, for it to qualify for this particular duty-free quota, included in the definition was a requirement that the graders be government graders. In both Canada and Australia, our beef graders aren't government graders. In Canada, we have the Beef Grading Agency and it's their graders that grade the product.

Australia commissioned some graders very quickly through their government and were able to meet the definition. It took CFIA many months to come to that conclusion, and I will say that we made that suggestion quickly. It took them many months to come to that conclusion. They got there eventually, but because of the delay, we're still caught up in process and correspondence with the EU on finalizing the terms.

The Chair: Thank you.

Wayne, your time has expired.

Now I'll move to Mr. Bellavance for seven minutes.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you for your testimony. Mr. Toews, you answered Mr. Easter's question about specified risk materials. You said that the funds have not yet been paid out.

In fact, since the budget announcement made by the Minister of Finance, no money has been paid out. In addition to that fact, for a while now we have had a hard time getting information about the programs announced in the budget. We were told that we would get more information in the spring, but we are still waiting. I would like to know if you have any additional information for us.

I will tell you a little bit about my recent efforts to obtain more information from the government about SRM. Since I could not get the committee to adopt a motion calling for livestock and beef farmers to be compensated financially for losses arising from SRM standards, I decided to submit what is called a "written question on the order paper". It asks the government to provide us with certain information on a specific matter, and I believe that the government has 45 days to get back to us.

When I asked when the Slaughter Improvement Program announced in the last budget will be available, I was told that I can submit a request for accessing these funds during spring 2010, which, I believe, is now.

Do you have any details on applying for funds under this program? Do you at least have information from the department stating when and in what manner applications can be made? Or are you still completely in the dark?

● (1620)

[English]

Mr. Travis Toews: The simple answer is no. At this point, we have no further details on the program. We've understood and we know that the government is working on those details, but we don't have any further information.

[Translation]

Mr. André Bellavance: Another question I asked, Mr. Toews, is about the \$25-million program designed to assist farmers in disposing of SRM. I wanted to know what form the financial assistance will take, what the maximum amount of funding per project will be, and what the program's eligibility criteria will be. I received an answer recently; I remind you that the budget was announced several months ago already. I was told that the program was still in development and that details would be available later.

I am now asking you the same question. Have you received any word from the department or the minister to the effect that program details will become available soon?

[English]

Mr. Travis Toews: The answer is no. This is the question that I understood I was answering before. We don't have any further details at this point in time on the SRM disposal cost offset program, other than that it's earmarked to offset the costs of disposal.

[Translation]

Mr. André Bellavance: In fact, I am asking you the same question regarding three announcements made in the budget: the \$10 million for funding slaughterhouses, the \$25 million for assistance in disposing of SRM, and the \$43 million—the subject of my third question—for funding the implementation of new technologies or other initiatives. Again, the government told me that the program was still in development and that details would be available shortly.

In particular, regarding the \$43-million program, do you have any information that you could share with the committee and, of course, with livestock and beef farmers who are still waiting for the funds announced in the budget?

[English]

Mr. Travis Toews: Your information is as good as ours in terms of the details of the \$40 million. We do know that ongoing discussions are taking place with the processing sector, but I'm not aware of any further details on the program.

Mr. Brian Storseth (Westlock—St. Paul, CPC): On a point of order, Mr. Chair, I do realize that this was before Christmas, but both Mr. Bellavance and Mr. Easter have made reference to the motion that was present at the time pertaining to money directly to producers. That motion did not say "money to producers"; it said money to the slaughter facilities.... That's just to correct the record. I understand that it was a while ago, but if they could be factual with their evidence.... As a point of fact, exactly what they asked for is what the government put in the budget.

Hon. Wayne Easter: On that point of order, Mr. Chair, his facts are not quite correct. This was a request of which the Canadian Cattlemen's Association was a part, the Canadian Federation of Agriculture...it was a request from producers that we accepted.

Government members filibustered and the new proposal is not anywhere close to the same.

Voices: Oh, oh!

The Chair: Okay, Mr. Bellavance.

[Translation]

Mr. André Bellavance: In fact, Mr. Storseth can try to embellish things for the government's sake as much as he likes, but the fact remains that the motion derived directly from requests made by beef farmers. What I have said is simply a summary of what was asked by beef farmers, in particular by the Fédération des producteurs de bovins du Québec. They are the reason I put forward the motion.

There is something surprising about these budget announcements. I have already told the minister that I was very surprised that the budget announces rather large investments—several million dollars—for resolving a situation or at least for trying to assist farmers who are struggling with a problem like SRM, and that the program specifics were not even established in advance.

It seems that the government is improvising. In the budget, x million dollars are announced for assistance, and after that, we are told—and you have no additional information, either—that the program is still in development. The money is supposedly on the table, but the government still has to decide what to do with it.

I feel that the request made by Canadian Cattlemen's Association and all beef farmers from Canada and Quebec is quite clear and simple. As long as there is no agreement with the United States, we have to try to compensate for the fact that our farmers are penalized by this standard imposed by the Conservative government. It was mentioned earlier; Ms. Harvie talked about the \$32 per head needed to cover the expenses incurred by our beef farmers. I know that this is more of a comment than a question, but if you have something to add, please go ahead.

A voice: You voted against the budget.

Mr. André Bellavance: I did not vote. No voting took place.

• (1625)

[English]

The Chair: Does anybody want to comment?

An hon. member: There's no real question there, Mr. Chairman.

The Chair: Travis.

Mr. Travis Toews: Well, I'll respond to that.

That's correct. We have no further information. We were pleased with the announcement when it was made. We have no further information on the program. Certainly in terms of SRM disposal for over-30-month cattle, the critical period of time will be the fall months coming up, when over-30-month sales volumes rise dramatically.

From my perspective, it will be critical to have this program be up and running at that time. During the late winter, spring, and early summer, volumes of over-30-month cattle are much lower than they are as we approach fall. So it will be critical to have the program up and running for the fall.

The Chair: Thank you.

Mr. Atamanenko, you have seven minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thanks to all of you for being here.

My first question is for you, Ms. Harvie, to see if I understand correctly what you said. You mentioned that we should be going toward a North American standard for SRM removal. Do you agree we should lower our standards to meet their standards? That's probably what we would have to do. They would probably not come up to our standards.

Yet we have higher standards because the government, and rightly so, felt it was necessary in order to get more export markets in other countries. When we have higher standards, we have more validity and better access to higher markets. So if we had a lower North American standard, would it not then diminish our access to markets? That's my first question.

The other one is just a general question on the Canada-Europe free trade agreement. I've been studying some of the text and I'm wondering if we need this agreement to get better access for our agricultural products to Europe. Or can we do it within the framework of existing agreements?

In Alberta or Saskatchewan, we ran into some folks who were promoting the gold standard, in other words, conforming to European standards in the hope that they would get markets within the existing agreement. Sometimes I'm concerned when we try to push more agreements, because it's my understanding that the Europeans want to see this open up. They want what they call "subnational contracts".

In other words, if we sign that agreement, we may gain some access, but it will open up subnational—in other words, municipal/provincial—contracts to European bidders. They will then be able to bid against local contractors and put local people out of work. That's a concern of mine.

Can we move within the existing agreements to get better access? And then there's the other question on North American standards. I'll stop there.

● (1630)

Ms. Jill Harvie: I'll take the first part of that question and then I'll let Travis take on the EU part.

As for the North American standard for SRM removal, it would be ideal. Currently, our long list—I guess you could call it that—of SRM removal, the enhanced feed ban is onerous, and if we harmonized with the United States it would be ideal. It would not be going to another level as far as being less than what we have today is concerned. It would be just as efficient. We both have the same OIE risk status. I believe that having a harmonized North American standard would be ideal. It also wouldn't hurt us as far as markets are concerned.

Mr. Alex Atamanenko: It was my understanding—and we saw this when we visited the slaughterhouse—that something like 100 pounds of material have to be removed from our cattle, whereas there it's really a small amount, so we got the impression that our standards are definitely stricter. If we were to conform to theirs, would that not be lowering our standards?

Ms. Jill Harvie: I'll defer that one to Travis, if he wants to answer.

Mr. Travis Toews: Sure. There has been work done to determine BSE eradication time related to the long list of SRM removal and disposal, which is what Canada has, and the shorter list that the U.S. has adopted. The study I'm familiar with showed that the eradication time by using the short list was not significantly longer than by going to the long list. We're not talking about food safety here; we're talking about disease eradication time.

So at the time, CCA advocated for the short list; however, during the course of the discussions, and as we looked at the cost estimates that CFIA had performed related to long list implementation, we eventually conceded we would go with the long list. Now, those cost estimates were significantly lower than what the actuals have been, and we do believe the ultimate goal is harmonization with the U.S. on SRM regulation.

We know that in the short term there's going to be a process to get there. We are in trade negotiations right now—key trade negotiations—and we know we can't get there instantly. That is why we called for a program to help share the costs or cover the costs of SRM disposal in the short term. We also see an interim solution as assisting plants, processors and renderers, in dealing with capital costs relating to reducing the amount of SRM material we have to dispose of even within the context of the long list.

As Jill noted, the long-term goal would be ultimate harmonization with the U.S., but we do recognize that there's a process to get there. And because of the trade negotiations at play, we likely won't get there immediately.

Mr. Alex Atamanenko: And the EU? What are your thoughts on the agreement?

Mr. Travis Toews: Well, there are two topics related to the EU. One topic is the quota that the U.S. was granted, basically in compensation for winning the hormones case. Now, Canada was part of that case at the WTO, and we won as well. At this point, the negotiations are taking place to determine how large our share of that quota will be and whether our share of the quota will be added on to the U.S. quota or will be a stand-alone quota.

We certainly have every expectation of meeting the definition of the U.S. duty-free quota, so we're working to that end. We've been delayed getting there, relative even to Australia and other competitors, but we anticipate getting there. In terms of the European free trade agreement, we're very positive about that free trade agreement, but at this time, under our current protocols, we cannot export beef from Canada that has been implanted with growth promotants.

I'm not going to presuppose the results of our negotiation at this point, but in the event that in our negotiation we conceded that point along the way, then if there were a financial incentive, we would have a certain segment of our industry that would likely move to producing beef product without growth promoters—but it would be at a higher cost.

● (1635)

Mr. Alex Atamanenko: Like the gold standard example on the Prairies

Mr. Travis Toews: I'm not sure what the gold standard reference is, but that would be a distinct protocol in that case, for the European market. At this point, I'm not willing to concede that this early in the negotiation, but certainly, if there were extra protocols that the Europeans negotiated with us, and if there were financial incentive, with the lucrative nature of the European market I'm certain that entrepreneurs in Canada would adjust their production protocols to meet that market demand.

I think the one thing we do have to be careful about, though, is that when we look at any market access protocols in other countries, whether it's Asia or Europe, we need to ensure that we don't subject all of our production to extra regulatory cost. We must stay competitive within North America for North American production, and we must allow the industry, in a market-driven way, to respond to market opportunities by adding production protocols voluntarily.

The Chair: Thank you, Travis.

Mr. Lemieux, I understand that you and Mr. Richards are splitting your time.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Yes. I'm going to start.

First, I want to say welcome to Jill. Navan is a great little town in my riding. I think Olds is very fortunate to have you and your husband move there, but I really think you should consider moving back to Navan.

Voices: Oh, oh!

Mr. Pierre Lemieux: I really do want to address this SRM issue. I feel that we got sidetracked on this. We're trying to study young farmers, but there were concerted comments on this.

The reality of SRM is this. I believe I heard Travis say that the industry is very happy with what was in the budget. It's not just Travis who said that, but beef producers and other beef and cattle associations we've met with across Canada and here in front of the committee

In terms of why money hasn't flowed yet, we're working with industry. I think this is crucial, because, for example, we just had a meeting last month with 50 people to ensure that the program that's delivered meets the expectations of the industry.

If you remember, when BSE hit, the Liberals delivered a program that was a complete fiasco. In fact, they had to conduct a full-scale

investigation to find out where the money went, and they concluded that the money went to the wrong place. So this consultative process is key to ensuring that money is delivered effectively and efficiently and in the manner that will best help the industry.

The third point I want to make, Chair, before I sign off here is that, for all the interest that the opposition is expressing in terms of SRM, our last budget announced \$75 million. In difficult economic times, we announced \$75 million for slaughterhouses, for processing plants for beef over 30 months, and for SRM. These members, every single one of them, voted against that. What we've heard from the industry is that it needs financial support to help with this. What the opposition did was vote against it.

Chair, I'm glad you gave me the opportunity to clear the record. I'd like to now turn it over to my colleague Mr. Richards.

The Chair: Mr. Eyking, on a point of order.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Yes, just on one point, because we're doing this study across Canada, and maybe Mr. Lemieux forgot what we heard from the cattlemen's association in Alberta. They stated that the program we had wasn't perfect but that it stabilized the industry and kept it from going down the tubes.

I don't know if you were there at the moment when they told us that, but that's just to clarify the record.

The Chair: That's not a point of order.

Mr. Richards.

Mr. Pierre Lemieux: You guys conducted a full-scale investigation into where the money went—

The Chair: Order, please. Mr. Richards has the floor.

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

Now that their debate is over with, we can get to some questions here.

I'd like to focus my questions on Jill and Chan, who I see as the next generation of farmers. As we've been doing the study, we've been travelling across the country, and we have met many young farmers from my generation and your generation. We're hearing a message that is very similar to what I heard from both of you today, I think.

It's interesting, because from Jill, who did come from Pierre's riding, apparently, and who now lives in my riding in Alberta, and from Chan, from almost all the way across the country in Newfoundland, I heard some very similar messages in terms of a couple of key things. They're messages that we've heard in various parts across the country.

It's a real tribute to our young farmers in this country that we have folks like you who are so positive and who really want to promote your industry and want to be passionate about it and share it with people. Those are the kinds of people we need to carry on the future of farming. I've found it really encouraging to meet people like you and many other young farmers across this country. I just wanted to say that.

I have a couple of questions for you. I'll throw the questions out at you and then ask that each of you address each question.

For the first one, you both did touch on this briefly, I think, in your opening remarks, and also very briefly in some of the questioning. It's the idea of educating consumers about where their food comes from, helping them to understand, and helping young people to understand the farm and what goes on and maybe even getting them interested in becoming farmers themselves. It's that education.

I've heard various different suggestions. I want to hear your suggestions on how we might do that. One of the best ideas I've ever heard is the idea of a commercial. Actually, it would be quite similar to the commercial that you see during the NHL playoffs right now. It shows the end result, which, in the case of those commercials on TV, is the big goal, the big save, whatever it might be, and then it flashes back

So obviously in the case of agriculture, it would be showing the end result, which would be the product on store shelf. Maybe it's my favourite meal, an Alberta beef strip loin steak, or maybe it's a bag of potatoes, or maybe it's a loaf of bread or a jug of milk, whatever it might be. That's the end result. Then it would flash back through the various stages of production to get it to that point, and right back to the farm, of course.

Maybe that would help people to understand where their food comes from and what it goes through to get to them. That's one suggestion. I'd like to hear your comments on that. I'd also like to hear your suggestions on other things we could do to help educate consumers. That's question one.

With respect to question two, neither of you is a first-generation farmer. I know that you're at least second-generation farmers, and I certainly know Jill's husband's family as well. They've been on the farm for a long time, and I've known their family for a long time. I'd be interested in hearing your thoughts on the differences—and I've asked this all across the country—between the situation now, as you're getting started in farming, and what it was like when your parents were getting started in farming, and, if your grandparents were on the farm, what things were like in their day as well. I'd be curious to hear your thoughts on what the biggest differences are. I'll leave those two questions with you.

Jill, since you're from my riding, I'll let you go first.

Chan, I'll let you take it after that.

● (1640)

Ms. Jill Harvie: Thank you, Blake.

First, on addressing consumer education, I think the commercial idea is a great idea, but I think the more hands-on approach that we've been taking with 4-H, youth breed associations, fairs, and exhibitions, having people being able to be around animals and around the people who care for them, and having those people explain what they do from day to day is extremely important. That's been a really good experience for me. Every time I go to a cattle show we have tons of people, cousins from the city who come through, and we explain to them what you do with the cattle.

Another idea is a YouTube video. I produced one myself. At this young ranchers round table, we're also producing a video, which I think is a great way to reach out to our friends on the Internet. A lot of people in my age group are on Facebook, etc., and it has been a great way to reach out and just have them see us on our operations as we talk about what we do and what we do for our environment as well.

As for encouraging more youth in our industry and encouraging them to stay in our industry and understand our industry better so they can be successful, we have the concept of a young leaders development program, which CCA is supporting and is in the midst of developing. This program will enable mentorship programs both for professional development in careers related to agriculture, beef especially, and for industry leadership development as well in regard to having people who want to be part of our industry and part of our provincial cattle organizations, etc.

In turn, then, we'll be able to send highly capable representatives to events such as the National Cattlemen's Beef Association meetings, the Five Nations Beef Alliance Young Ranchers Round Table, and the International Livestock Congress. We can really get people engaged and interested in understanding what our issues are.

On your second question, which was about the differences between when my parents started up and where we are today, it definitely feels as if we're buying the farm twice. What I mean by this is that two areas are affecting us: financing the purchase of our assets and the taxation implications of buying land.

Our parents want to retire, and the only way they can afford to retire is for us to sell some of our land and pay for their retirement, but that's obviously not going to happen, because we want to grow our business, become more profitable, and be able to market our genetics worldwide. We're going to need more land and more cattle, so we're having to pay them for the land we're purchasing from them while trying to grow our operation. When cattle prices are as low as they are, our bull buyers aren't able to buy bulls or they're not able to buy bulls for the price we would like, so profitability just isn't there. At the end of the day, our industry has to be profitable for us to be in it

● (1645)

Mr. Chan Wiseman: Well, first off, you know, agriculture is tough, but being a politician is pretty tough these days as well—

Voices: Oh, oh!

Mr. Chan Wiseman: —judging by the back-and-forth in this room. I'm a politics watcher, so it's great to see it from that perspective, I guess, if you like politics.

I'm going to answer your last question first. My parents were born in 1950s after World War II, so I guess you can call them baby boomers. The baby boomers went through the sixties and the seventies, certainly, with a lot of growth and rejuvenation in the economy and so on and so forth. But today, my parents and a lot of other baby boomers have left my generation with an extreme amount of debt, whether it's credit card debt, mortgage debt, farm debt, you name it.

Hon. Wayne Easter: Government debt-

Mr. Chan Wiseman: Yes, government debt. There's a lot of debt out there.

The Chair: Yes. You know who started it.

Voices: Oh, oh!

An hon. member: Mr. Chair

The Chair: Carry on, Mr. Wiseman.

Mr. Chan Wiseman: So it's very difficult to get into agriculture today. I talked about that in my opening remarks. I went to university and I also went to college. I have a Bachelor of Arts degree and I also have a business diploma. I had to pay money to get that education, and I'm still paying it off. I own part of my farming operation with my parents. I certainly got a lot of help from my parents to get into that farming operation in terms of land, infrastructure, and so forth.

It's very difficult to get into farming today. I imagine that it might have been a little bit easier back then, but it was still very challenging as well, because you didn't have a business plan. Today people are advocating that, and you need that business plan, really, if you want to go through a commercial bank or to the government to receive funding and so forth. But at the end of the day, it's very difficult to get into agriculture because of the high costs, and there are a lot of barriers preventing young people from getting involved.

If you have a student debt of \$30,000, \$40,000, \$50,000, or \$60,000—I have friends who are \$60,000 in debt after university—and walk into a commercial bank, I'll tell you, they're not going to look at you with a business plan of half a million dollars to get into the farming industry. That's basically what it's going to cost to get into farming. That's a major problem. It certainly differs from what getting into farming would have been like in Newfoundland and Labrador in the seventies and the eighties.

On your first question, I think I sort of addressed it when Mr. Easter asked about some of the outreach programs. I certainly believe that it starts at the elementary or primary school level. You have to educate young people about where their food comes from. That can happen through a number of different measures and certainly by exposing young people to agriculture and having classroom initiatives on agriculture. That is very important. Young people in Newfoundland and Labrador today have really no understanding of where their food comes from. That's a generic issue right across the country.

I've been in Australia and New Zealand as well, and they have a lot of the same challenges down there, but they have certainly come up with a lot of good programs to help young farmers get into the industry. New Zealand could be a real model, even for Newfoundland and Labrador. They have quite an extensive primary agriculture industry, but they also have a very developed secondary processing industry. I believe that's very important as well.

• (1650)

The Chair: Thank you very much.

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

Mr. Francis Valeriote (Guelph, Lib.): Your comments brought me back a bit to my practice as a lawyer when I was doing wills and

a lot of farmers from around Guelph would come in to see me. We were always in that predicament of having to leave the farm to one child, while all the other children were deprived, really, of inheriting in the estate or would be owed monumental amounts of money by the one child you leave the farm to. It seemed to me that you had to be in a family that had one child in order to go into farming or you were out of luck.

This theme was repeated over the last several weeks when we were travelling across Canada. I think none of us can deny that it's an issue. And while some may be enthusiastic about farming, I have to tell you I came off that tour almost depressed when it comes to the future of farming in Canada and the inability to deal with the lack of harmonization of regulations, etc., etc.

Some people out there said that if we're not careful rural areas will become ghost towns. I'm really worried about our ability to maintain food sovereignty in this country. I'm seriously worried about it. I think all of us around this committee want to work together to stop that from happening, to stop us losing our food sovereignty. It doesn't matter what your political party is.

Chan, we do work together on a lot of things, believe me.

Having said that, Jill, I met with the Canadian Livestock Genetics Association last week. I was surprised when they said that very few farmers actually take advantage of genetics, and that it's possibly because of a lack of understanding in improving their beef and dairy herd and their productivity, and, in some cases, it's the cost of farm genetics.

I'm wondering if you can enlighten me on that briefly, because I do have another question.

Ms. Jill Harvie: Okay. I'm fortunate to have been in the genetics industry all of my life, from my parents, and now married into a family farm. It's a risky business, but we find that it's a niche for us where we're able to have some profit in years when our live cattle sales might be in somewhat of a deficit.

As far as genetic sales are concerned, there's a huge opportunity to deal with 70 or more countries. Of course, it's a very differentiated marketplace, where we have several breeds in Canada, and each market is looking for something different. There's a huge opportunity.

I've been fortunate to work with the Canadian Beef Breeds Council and some of these genetic companies to get our genetics out there, of course. Now, the costs have been extremely high, and there are several different reasons, because there are different protocols in each country. But what I'm wanting to do is work with CFIA and have them more as a partner, being able to have them facilitate. Currently, we do have some barriers in some markets, whether that be that we've accepted those terms and then they stayed that way....

I'd like to have more focus. Yes, the key priority markets are extremely important, but what about the remainder that are on the fringe and will benefit our industry in the long term? That's definitely where I see a huge potential for our operation and for many other young producers around my area and throughout this country.

Mr. Francis Valeriote: You've said that you worked for Cargill at one point, and Cargill is in Guelph. I don't want you to diss the processors at all, but one of the themes that we heard while going across Canada was about the concentration of power in input suppliers—like fertilizers—and in the processors at the other end, and we heard that in many cases the profit wasn't getting down to the farmer. You might have feedlots that were close to the processor that were making money, but it wasn't always the case. It depended on your location and the size of your farm. Sometimes, the large industrial farms, whether they were family owned or not, were clearly more profitable, and the larger ones were probably more likely to survive.

I'm just wondering how you feel about that. I know you're in a tough position, having worked for them, but do any of you see too large a concentration of power in the processors and the input providers, such that we need to take some form of action as opposed to just letting it run rampant?

• (1655)

Mr. Travis Toews: You're absolutely right. At this point in time, we've seen packer consolidation within North America as a trend for decades. Of course, there are economic reasons for that. I think if you looked around North America you'd probably conclude, based on who's still in the game, that the most efficient and productive cattle processors handle between 5,000 and 7,000 head per day—hence the economies of scale and fewer processors.

As an industry, as producers, we're concerned about future packer consolidation. For us, it's critical that we have access to U.S. processing capacity as a third, fourth, and fifth bidder on Canadian cattle. We see that as critical to ensure that we have transparent price discovery in Canada.

I'll leave it at that.

Mr. Francis Valeriote: Do we take action? Should we be taking some form of action in Canada to reduce the size of these processors or input providers?

Mr. Travis Toews: Well, I'll speak on the processors. At this point, we're certainly not recommending that the government take action. We're expressing, as we have for years, concern about continued packer consolidation, but we're not recommending that the government take action.

We continue to monitor the situation. CanFax, at this point, has initiated a study again. There have been several studies over the years on market power within the industry. We're going to be interested in the results of that study, but we're not advocating for action.

The Chair: Thank you. Your time is up.

Mr. Storseth, you have five minutes.

Mr. Brian Storseth: Thank you, Mr. Chair.

I'm surprised to hear the member for Guelph, being a former Cooperators guy, not emphasizing estate planning.

I want to thank you all for coming.

Travis, it's good to see you, as always. I hope to be able to visit with a few of you afterwards.

I think it's important that we continue to share some positive ideas on moving forward on agriculture, because as somebody who still helps on my father's farm, I do believe we have great opportunities ahead of us when it comes to agriculture, particularly in our home province of Alberta, but I'm a little biased when it comes to that.

I can assure you that Blake does eat Alberta beef all the time; he just sticks me with the tab, that's the problem.

You've all mentioned something, and Travis, you did in particular, so I'll direct my question to you: you talked about access to the Asian markets. Can you tell us how important that access is, and not only to the Asian markets, but to the European markets and in some of the South American agreements that we have? Do you feel that it's important that we have quick implementation and ratification of these agreements once we make them?

Mr. Travis Toews: The importance of the various markets to the beef industry is summed up in the fact that different cultures have different appetites and different preferences. So in a sense, regardless of how large or how small the Canadian cattle industry is, in order to maximize carcass value, our industry is going to have to sell the various components of a carcass to the highest value points in the world in order to maximize that value.

Mr. Brian Storseth: Such as South Korea....

Mr. Travis Toews: Yes, such as Korea and their short ribs and their demand for long-cut feet and—

Mr. Brian Storseth: But obviously after the government signs these, they're not done. They still have to be ratified by the House of Commons. I assume you agree that these agreements need to be ratified quickly, once they happen, for the betterment of Canadian agriculture.

Mr. Travis Toews: Absolutely. We advocate for further trade opportunities and further market access opportunities. At this time, our largest market access challenges outside of the EU FTA, which we're very supportive of, are still related to BSE prohibitions.

South Korea has continued in an intransigent way in terms of providing Canada any beef access at all; hence, our recommendation to this government to proceed with a WTO case. We continue to advocate to keep the pedal to the metal on that case. That's our first issue with Korea, beyond any FTA.

Japan is a critically important market for Canada. We have access for beef only under 21 months of age. It's critical that we get bone-in access under 30 months of age.

● (1700)

Mr. Brian Storseth: Because we only have limited time, I'm going to go quickly through a few of these points.

Jill, you mentioned CFIA and how important they should be as a partner for our industry moving forward. I think that's a very good point. I was dealing with some of the Alberta agriculture guys and some of their frustration, the disconnect they feel between Ottawa and even the CFIA guys on the ground in Alberta. It's important to bring that together and close the gap. I'd definitely like to talk about that later. I think it's something on which we could show a little bit of leadership.

But being an Alberta guy, I want to bring up a couple of Alberta issues. On AgriRecovery, I want to know from the Canadian Cattlemen's Association, the cattle point of view, how important it is to you. Jill, how important do you feel that AgriRecovery is for us, given the drought we've had recently in Alberta, and also in any action towards the grasshopper problem that we continue to have in my part of northeast Alberta?

Also, I've heard—and he's going to cut me off soon, so I'll give it to you guys because he won't cut you off—concerns from our local abattoirs, from the smaller guys, clearly, on the problems between the province and some of the changes they've been making between going from Agriculture Alberta to Alberta Health, and the differences in regulatory environment, even in our local abattoirs, between the federally regulated ones and the provincially regulated ones. That goes into the regulatory issues we have all across the country.

Could you just comment on number one issues such as AgriRecovery and then on some of these other things?

Mr. Travis Toews: AgriRecovery is an important program to the industry in times of disaster, and certainly, last summer and fall, many parts of the Prairies were very dry. There were severe economic hardships experienced within the industry as a result of that drought. At the time, we advocated for AgriRecovery to be implemented. We believed that we had a circumstance that would fit the criteria of that program.

In regard to recent rains, we've seen some relief at this point, but that affects this current year. That doesn't affect the losses and economic hardship producers faced last fall and last winter and that probably even this spring they continue to face as they're purchasing feed they weren't able to put up last fall.

Mr. Brian Storseth: I agree. If anything, we should have had signals of it even earlier, but it would be very important moving forward.

The Chair: Thank you.

Ms. Bonsant.

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): Mr. Legge, I do not know if I understood you correctly earlier, when you talked about supply management. Are you for or against supply management?

[English]

Mr. Eugene Legge: I am for supply management.

[Translation]

Ms. France Bonsant: We visited the east coast, and young farmers still tend to have the same problems. Mr. Wiseman, the committee travelled to Prince Edward Island three years ago. I have been an MP for six years, and 60% of my constituency is farmland. Has something changed? Have things improved since that time? Is the situation the same as it was three years ago, or is it even worse when it comes to farming, programs, and so on? From one province to the next, farming appears to be mismanaged, and it does not look like anything is going to change.

My question is for everyone.

● (1705)

[English]

Mr. Eugene Legge: In our province, you have to look at the makeup of the industry. We have 80% supply managed in our province; agriculture is doing well. We also have huge amounts of growth in all other commodities. It doesn't mean.... If you're at the bottom of the heap, you have nowhere else to go but up, to say the least

On the problems in the last number of years under Growing Forward and APF, they put huge sums, millions of dollars, into the program. Plus, they had their own programs to help new people buy equipment and clear land, and those are the two major expenses that you have in getting into agriculture. They're even talking about now putting in a proposal—and it's gone in to the government on the AgriFlex program—of developing huge tracts of land, of clearing the land. It's probably costing them about \$2,800 an acre to clear land in our province.

This proposal is about getting it ready for production, about clearing vast tracts of land and then saying to a young person, "Here's a hundred acres, or a hundred and fifty acres, it's clear land, ready to go into production, and you will sign some type of an agreement to go forward". That's what we're seeing in our province, to say the least, so you are seeing opportunities for younger people to get in and stay there.

But you're also seeing hindrances like those you hear about the input costs, and that's there for everybody. The fact is that we only have one federally inspected plant, which is the chicken plant in our province. Most of the beef that's killed is in local production and is killed under the local regulations, so you can't ship it outside the province. That's another issue you have to deal with.

You also have the fact that we're getting down to three major buyers, the supermarkets, if you want to call them that: the Dominions, the Sobeys, and the Colemans of the world. Fourth, there's Wal-Mart. So we end up being price-takers; we're not price-setters. They'll give you what they figure is fair, whether they get it from south of the border or any other place in this country. You have to deal with those issues.

When it comes from south of the border, those farmers south of the border don't have to pay for all the things that we have to endure here; we need to have free education in our country and free medical services in our country. We look at the fact that we have to endure the costs of food safety and all of these other programs that the governments and the public deem to be necessary to grow food in this country, so that puts hardship on the older people and on the young people trying to get into farming.

I don't know if that answered your question or not.

[Translation]

Ms. France Bonsant: Did you want to answer? Go ahead.

[English]

Mr. Chan Wiseman: Yes. I have just a brief comment.

In Newfoundland and Labrador, outside of supply management, it's very difficult to get into or start a farm enterprise, because the vegetable industry, the hog industry, and the cattle industry are essentially open to the free market. Farmers in those commodities in the province simply can't compete with the rest of the country or North America.

In Newfoundland and Labrador, we consume in the area of about \$120 million to \$130 million worth of beef products. Probably about one or two million dollars' worth of that is actually produced in the province, and that's purchased in the fresh market, for instance. Eugene listed a couple of the major supermarkets in the province where someone would go and buy beef, but most of that beef is coming from South America. It's coming from the U.S. and it's coming from other parts of the world.

It's very challenging to get into that industry. As well, the slaughterhouse capacity is not there. So in order to...well, the slaughterhouse capacity is there, I should say, but it's provincially inspected and the federal regime is simply not there through CFIA. That's one issue. We just don't have the capacity in a lot of cases to get into those particular industries.

But in supply management, it's very profitable. It's healthy. Dairy, chicken, and eggs are doing very well. Young farmers who are engaged in that side of agriculture are doing very well and they're able to have a life, as well as running their farm operation.

But the other side of agriculture, in a lot of ways.... Young people are leaving rural towns and communities. They're either going to St. John's, to the urban centre—and that's not a very big area, St. John's, with about 200,000 people—or simply going to Alberta to the oil sands to work. That's one of the challenges we're certainly facing in our province: a lot of young people are not staying in the rural towns and communities.

• (1710)

The Chair: Thanks very much, Mr. Wiseman.

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

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

I appreciate the input from what I would call our young farmers and future farmers, everyone, I really do, Travis and Jill and Chan.

Travis, I have a quick question. I'm trying to understand. All of them have talked about profitability. You mentioned how important the marketing is when we're developing trade agreements. I agree. I always call the market "the whole animal", because there are different appetites and different cultures; it was well put and better put than I've often done.

I was in a slaughterhouse and we were talking about that. Has that been a benefit? Yes, it has been a benefit, and we need to get those markets. Second, I asked about hides. I asked what they were getting for hides now and if it was \$64 a hide. I said, "So what were you getting a few months ago...\$20 a hide?" A year ago we were getting zero dollars; we had trouble getting rid of them.

Earlier we talked about how important it was to get the \$31.77 to the producers, which in our minds was not the right place to go. That's \$64 an animal that I'm thinking you should have had. Can you tell me if you did or not?

Mr. Travis Toews: I think it would take a dozen economists to determine exactly who split the value of that \$64. However, I can certainly say that we've seen a rebound in live cattle prices in the last several months. That has been fairly significant. Products such as the hides and some other byproducts do play a real role in the value of the animal, and the global recession has been hard on those values.

Mr. Bev Shipley: How do we know how much you get? How do we get that to you? When the animal jumps on the truck for the last time, which may have been the last three or four times it's been on a truck, how do you get the most value? One guy in our tour said that you get the value of the market if you take the market risk.

How do we help you get the benefit when these prices are going? I'm looking for suggestions. We've talked about the value of some of the cultures and tastes of other countries. How do we know you're going to get it? Help us to understand that, if you could.

Mr. Travis Toews: I think the first piece is that we have to believe that we have a competitive process in place for bidding live cattle; in other words, that there are enough competitors within North America who will bid on live cattle in expectation of making a profit and that the competition will be keen. If all packers have extra opportunity, then they're all able to go out and bid higher for those cattle, if there's sufficient competition—and that market power shifts depending on the supply and availability of live cattle—where supplies are not burdensome relative to packer capacity and demand for that week, one could argue that certainly a majority of the value will go back to the producers.

Mr. Bev Shipley: I have a quick question. I want to go back to Jill and Chan.

One of the things we've talked about are programs that we would see as being of benefit to the general public. I've forward a motion, M-460, which actually dealt with most of the regulations you've talked about today—and in fact that every meeting did—about if we have products in Canada that we're restricted from or can't get and yet we allow those products to come into Canada, products used either on beef or pork, or insecticides or pesticides.... Can you tell me that if there's a general benefit to the public, and it may be traceability, or it may be animal identification that we are requiring as a Canadian standard...do you believe that should be picked up by the public? Or if the products we don't have do come into Canada, should we allow them to?

(1715)

The Chair: Okay. Who wants to answer that?

Chan? You have one minute, please.

Mr. Chan Wiseman: Look, I'm a firm believer in free trade. There are certain products we need. I drink a lot of coffee, so we need free trade. I'm just using that as a very simple example. There are certain products, such as oranges and so forth, that we need to import.

But certainly, it's very hard to understand why we're bringing carrots into Newfoundland and Labrador. They're sitting on the shelf. They're there for a dollar or a dollar fifty, yet a producer down the road can't sell that bag of carrots into that grocery chain. It may be a Loblaws or a Sobeys. I'm not trying to pick on any of the grocery chains, but it's very complex. We all know that, but it's very hard to understand why that situation has occurred.

I certainly believe that we need to support local producers. We need to support Canadian producers. The public puts great demand on producers in this country, whether it's concerning environment or food safety, you name it. It just keeps getting downloaded onto the farmers. Where does it end? I think the public does have a key role to play in that regard.

The Chair: Okay. Thank you. That's a good comment, Chan. We have heard that quite a bit across the country. The consumer has a role here. They have to get out of this mindset that it all has to be based on price. If you say you want to buy Canadian, you talk the talk, but you don't walk it. Walking that talk is actually going in and buying Canadian.

Mr. Eyking, you have five minutes.

Hon. Mark Eyking: Thank you, Mr. Chair. I thank the guests for coming here today. We've had quite the trip across the country. I think a lot of my colleagues here have their eyes a lot more open now to the reality of what's happening out there. It's easier to ask the questions, I guess, after coming off the tour.

I was talking to my father. He said he's getting the same for a steer now as he was 30 years ago. I don't know if he's very far off. My mother says she pays three times as much for beef in the store as we did 30 years ago. So there's something happening out there. A farmer's union came in here with figures. Once, I think, they said that they're only getting 20% of what's on the retail shelf.

Mr. Lake talked about supply management. When you look at milk, you see that the farmer gets almost 60% of the retail value. That will tell you how things can change. When you look at the three big retailers and the big packers, you can see that they are getting more efficient. They have distribution centres, and with the way they store their stuff, the efficiencies are there, so one has to wonder what's going on with the cattle industry.

We've visited a feedlot out in Alberta. We got asking the question, "Whose cattle are these?" We found out that a lot of the cattle there were not owned by the feedlot. A lot of them were owned by the packer we had just visited an hour earlier.

Now, it's my understanding that there's a law in the United States that came out of Texas. The law is that the packers are allowed to own cattle for only a very short time. I don't know if it's for a couple days or a week. We don't have that same law here in Canada, so my number one question is whether we should have the same law in Canada, whereby packers can own cattle for a very short time, a minimum amount, which helps, of course, in not going with the prices....

My second question is, what is going on in the United States? Are consumers paying less for beef down there? Maybe there's more competition. Are cattlemen getting more for their cattle, then? Those are my three questions.

I guess I'll ask you, Travis.

Mr. Travis Toews: First, I have not seen any statistics on the retail value of beef in the U.S. relative to Canada, so I can't answer that, although it would be an interesting question to have answered.

Speaking of captive supplies, from my understanding, captive supply legislation has basically been implemented state by state. It hasn't been implemented federally in the U.S. Consequently, it is not uniform state by state. It is an issue that comes up in the Canadian industry. It is an issue that clearly comes up in the U.S. industry as well.

This is our concern. Clearly, market power shifts from time to time depending upon the availability of supply, depending upon demand, and there are efficiencies for processors to ensure that they have enough cattle ready on-site to optimize their kill every day. In fact, manufacturing plants have to run at a certain level of capacity in order to be competitive and profitable.

I have not seen a real recent study regarding captive supply. The study I have seen is several years old, but it was a Canadian study. At the time, it concluded that the efficiencies the packers gained by being able to procure cattle and have them available to ensure that they could kill steadily and process steadily every day of the week, those efficiencies that they gained—and then, of course, they were able to compete with other packers and then pay more for live cattle—at times outweighed the times when they had all the market power and by owning those cattle they were able, in fact, to offer less, because both situations happen, depending, again, on availability of supply. I will say—

• (1720)

Hon. Mark Eyking: So just on that, you are in agreement with keeping our laws and not having the same laws as in Texas, but in the province of Alberta...?

Mr. Travis Toews: At this point in time, we're not advocating for a change in the law, but I will agree with you that it's an issue that warrants observation, and continued observation, as conditions change. But at this point, we're not advocating for packer ownership regulation.

The Chair: You're out of time, Mr. Eyking.

With that, I note that we have votes coming up, and because of their proximity, I'm going to end the questioning at this point.

I'd like to thank all of you for being here today. All of you, I believe, travelled a long way, so thank you very much.

I'm not sure of the exact dates yet for this report, but it will be online at some point well before Parliament breaks. Again, thank you very much for being here.

We're adjourned until Monday.



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