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—
Chair

Mr. James Bezan

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•(0905)

[English]

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

The first order of business we have is a notice of motion from Mr. Lauzon.

Mr. Lauzon, would you like to put that on the record?

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Mr. Chair, for the sake of time and because of our witnesses, maybe I'll just read this motion into the record:

That the Standing Committee on Agriculture and Agri-food urges the Government of Canada to ensure Canadian farmers are not saddled with a carbon tax which would further increase their input costs and hurt their competitiveness vis-à-vis their American competitors.

Very briefly, Mr. Chair, I want to make this motion because the farmers I've spoken to say that if a carbon tax is put into place, their input costs would skyrocket. It would actually be devastating to the agricultural industry.

I would like to file this motion.

The Chair: Okay.

Are there any other comments? Go ahead, Mr. Bellavance.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Chairman, can a motion written in what I would call rotten French be in order? This is absolutely incomprehensible in French; it makes no sense. The interpreter has just read it, and it's worse to hear it than it is to read it. “[...] le gouvernement [...] de garantir que les agriculteurs Canadiens ne seront pas sellés [...]”. What does that mean? “[...] un impôt de carbone [...]” What does that mean? “[...] leurs coûts d'entrée [...]” What does that mean? Nothing makes sense in this motion.

I have a lot of other comments to make, but we have important witnesses to hear. The way it is written is absolutely unacceptable. It shouldn't be introduced before the committee.

And what type of carbon tax is the parliamentary secretary talking about? Is his government hiding something in its books and is it preparing to present us with a carbon tax? Is it talking about what the leader of the opposition didn't really present officially? Who's telling us that costs will increase? Does it know things that we don't know? All this is hypothetical and makes no sense.

Let's reject this as fast as possible. Let's get rid of it.

[English]

The Chair: Go ahead, Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Yes, Mr. Chair, we do have witnesses here, and I believe this is going to take a considerable amount of time.

When I go through the government's own paper on detailed emissions and economic modelling, I see that it does show that by 2018 the current proposal of the Government of Canada on the regulatory side will really have a penalty of about \$65 per tonne.

This is going to be a considerably long debate. I understand we have to go to the House for a vote at 10 o'clock; if Guy is in agreement, could we move it back to the first thing at the next meeting?

Mr. Guy Lauzon: No, Mr. Chair. I think it should be dealt with now. It could be very briefly dealt with.

The Chair: Go ahead, Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): I'll pass it over to Mr. St. Amand right now, Mr. Chair.

The Chair: Go ahead, Mr. St. Amand.

Mr. Lloyd St. Amand (Brant, Lib.): Thank you.

Unless Mr. Lauzon is concerned about his government bringing in a carbon tax, I have no comprehension as to the urgency of this motion. These witnesses have come in from hundreds of miles. It is obstinate in the extreme, quite apart from being illogical, for Mr. Lauzon to insist that this motion go ahead now. There is no urgency. We can deal with this next Tuesday. It's most unfair to witnesses who have come in.

The Chair: Go ahead, Mr. Storseth.

•(0910)

Mr. Brian Storseth: Mr. Chair, I agree that we have very important witnesses here today. The point should be made and put on the record, though, that this carbon tax idea proposed by the Liberal leader and endorsed by Mr. Easter in the House would be very damaging to rural Canadians. This would be very damaging to our farm economy and to our farmers. The price of input costs would dramatically increase, and I think that needs to be put on the record. I think Mr. Easter even acknowledges that the price of inputs would rise.

I don't want to get into the full debate in front of the witnesses today. I think it needs to be—

The Chair: I have Mr. Atamanenko, Mr. Bellavance, and Mr. Godfrey.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): There does not seem to be an urgency. I have not seen anywhere that our government is imposing this. This is a political statement that should probably be left to fight an election campaign, because that's what this is. I don't see an urgency. I would suggest that we not even consider it; if we do, next week would probably be a good time to do so.

The Chair: Mr. Miller is next.

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

After André and then Lloyd spoke on this, I reread this motion. I agree with the witnesses we have here. This motion is simply protecting farmers. It's very simple; there should be no debate on it. I can't believe it. I know this is protecting farmers, and I know it will protect the ones in your riding as well, so what's the debate? There is none to have on it, Mr. Chairman, so I suggest that we have the vote and get it over with and get on to our witnesses.

The Chair: Go ahead, Mr. Bellavance.

[Translation]

Mr. André Bellavance: I've expressed myself quite clearly. I want to ask the clerk whether a motion written in completely incomprehensible French can be in order. How can the Conservatives want to continue discussing what's written here? It's all a jumble and means nothing. It makes no damned sense to continue discussing this matter when we know a vote will be held at 10 o'clock. People are here to discuss serious matters.

Let the parliamentary secretary do his homework and provide us with a properly written document. Then we can discuss the Conservatives' carbon tax as long as they want. This text is a mess.

[English]

The Chair: It's not the clerk's role to make a judgment call on whether or not motions are in order; that's up to the chair. If you want to raise a point of order based upon the translation, then we should deal with that.

Mr. Godfrey is next, and then Mr. Easter.

Hon. John Godfrey (Don Valley West, Lib.): Excuse me, Chair, as a visitor to the committee, I understood that one of my jobs was to be part of what I understood to be a serious discussion on the motion. If this is going to be a serious discussion, we have to talk about the role carbon plays in agriculture right across the piece, all the other greenhouse gases associated with agriculture, and how agriculture is also a solution to all of that. Either we are going to have a serious discussion about this or we're not. Otherwise, it just looks like a rhetorical gesture, which means nothing.

The Chair: Go ahead, Mr. Easter.

Hon. Wayne Easter: Is it possible, Mr. Chair, to move a motion to table it until the next meeting?

I would move that we table the motion until the next meeting.

Mr. Guy Lauzon: I have a motion on the floor.

The Chair: Right. We just got a dilatory motion, a motion to table the motion. This is non-debatable. This goes straight to the vote.

Mr. Brian Storseth: Could we ask for a recorded vote, please?

The Chair: This will be a recorded division, please. This is a non-debatable motion to table. It's by Mr. Easter.

(Motion agreed to: yeas 6; nays 4)

The Chair: I'll take it upon myself to instruct the clerk to have the French translation reworked.

With that, let's carry on with our agenda and welcome to the table our witnesses today.

We have Joe Preston, who's a member of Parliament; he has been working on a task force that has been looking at the issue of the tobacco industry situation.

From the National Farmers Union, we have Joe Dama and Garry Proven. Welcome to both of you.

From the Ontario Flue-Cured Tobacco Growers' Marketing Board, we have Linda Vandendriessche and Fred Neukamm, who has been on the committee many times.

With that, I ask that all of you keep your opening comments to 10 minutes or less. We only have until 10 o'clock, and then we'll suspend our meeting to go for the votes.

With that, Mr. Preston, you have the floor.

● (0915)

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you very much, Chair. I would like to thank you for inviting me today, and I'm happy to be here with such a good group on this same subject.

Having met with many of you before, and certainly having spoken with many of the members of the committee on this issue, either in the House or in private, I am honoured that the minister has given me the task of moving forward the economic development piece in the five-county area of southern Ontario that grows tobacco.

I have taken it to the local municipal level and the mayors of the five counties and the communities within those counties, and to the economic development officers in those same areas, the Community Futures organizations, and the chambers of commerce, and to individual citizens. We've moved forward in a very quick fashion.

As backup, I would just like to cite a couple of quick comments made—and I won't take all of my time, because I know we have lots of witnesses questions today—by a couple of mayors. I continue to be as encouraged as when I left the Ottawa meeting. According to Mayor Acre from the Municipality of Bayham, we have the feds, the provinces, and the municipalities all in a straight line; and Mayor Molnar from Tillsonburg says he was impressed by the speed at which the meeting was brought together in the wake of the commitment made by the federal government.

We continue to meet. As a matter of fact, it's very timely to be here today, because we have our next task force meeting tomorrow morning in Tillsonburg. We continue to bring the municipalities together. They have now signed a memorandum of understanding among themselves, from an economic development point of view, to get the five counties and the municipal law officials within those five counties all rowing the boat in the same direction. As you know, given that some of you have been in that level of government, that's not always an easy thing to do—and at this moment, we continue to do it. The situation on the ground, in their mind, is very important, and they're willing to work together to help correct it, and we will continue to do so.

I recognize that some of the other questions here today will be about the producers and the contraband situation, and what we're doing about that. The answer is, of course, that we need a comprehensive way forward on this, and part of the answer is economic development. We will be left in the future with some economic development issues on the ground if we don't look at these at the same time; and it's the same thing with the contraband issue and the producers.

I'll leave it at that, and I look forward to your questions.

The Chair: Thank you, Mr. Preston.

Mr. Proven, please.

Mr. Garry Proven (Board Member, National Farmers Union): Thank you.

It's great to be here and a great experience for me. I live in the middle of tobacco country. I was past president of the local National Farmers Union there and got involved in another committee in order to help some of our members deal with this tobacco issue.

The National Farmers Union position has been clear over the years: we support small family farms. We think that's the best way to grow food, and by extension tobacco is part of that.

In looking at the problem, our position has always been that orderly marketing is the proper way to go because it gives everybody a fair profit out of the pie, but we're beyond that here, we think; it is falling apart in the case of tobacco because of the amount of imports and the illicit trade.

Right now the NFU is focused on trying to encourage governments to look at a buyout for tobacco growers. We think we know what that price should be. It was introduced some time ago: \$3.30 a pound. We have accountants' backup for that, and it makes sense to us.

If I can just lead you through a little bit of it here, the marketing board was set up in 1957. It's been a good thing for farmers and it's been a good thing for the tobacco industry, but in 1990 there was a change to legislation and the TAC was introduced. Although I think it had some good ideas and brought some new ideas to the table, it's really been the start of the demise of the orderly marketing system. Because of the weighting of this committee, farmers' influence has been pretty much eliminated. We have farmers outnumbered significantly by government representatives and by tobacco industry representatives, and really the TAC is now running the tobacco industry.

Out of that TAC came the introduction of changes to tobacco in about 2000. Growers were encouraged by both governments and by the tobacco industry to invest heavily in new equipment and in new technology to secure a future in tobacco.

If you look at the years 2001 through 2003, family farms with three or four generations of tobacco growers put their life savings into changing their systems over. The very next year—after they had been told this would secure the future of tobacco and that they'd have great opportunities for exports and so on—the market went into free fall; consequently, those huge debts those farmers have ended up with can't be paid off. There is no other crop that will pay the kind of return that tobacco does.

What we have here is a large number of farm families that are trapped. They have no way to get their assets back or to sell them at a decent price, and they have no production. The production this year is estimated to be 7% growable. That's not a viable crop.

Our conclusion on this is that through the changes in legislation and the increase in illicit tobacco.... This bag of tobacco was bought by a farmer from a guy who sold it off the back of a truck at his farm gate. I mean, this is a tobacco farmer who was propositioned to buy illicit tobacco at his farm gate. People are driving down the road selling tobacco like this, folks, and that's crazy.

You've got a huge problem here. Part of the problem is that the growers, honest people, are being forced to try to pay for their assets and pay down their debts by selling this stuff illegally, and there are lots of ways to do that.

● (0920)

So our suggestion would be that the sooner you come up with a buyout and get some of this production out of the system so that they don't have to deal with selling illegal crops, the better. Legally, with the enforcement people, it will give you a chance to get a better handle on it. There will be fewer growers out there. There will be less acreage to deal with. It will be a manageable situation from a law enforcement point of view.

The NFU's policy on this would be that tobacco is not, in the long term, a viable or desirable option for family farmers in southern Ontario. Public opinion is against it. That doesn't mean tobacco won't be grown in some limited way. It probably will. But most of it is going to be grown in other countries. So with the decline of tobacco and the demand for Canadian tobacco, we suggest that a buyout of the growers would help enforcement and would help these people to get on to something different.

I look forward to your questions.

The Chair: Thank you very much.

Linda, please.

● (0925)

Ms. Linda Vandendriessche (Chair, Ontario Flue-Cured Tobacco Growers' Marketing Board): Thank you.

Good morning. I am Linda Vandendriessche, the chair of the Ontario Flue-Cured Tobacco Growers' Marketing Board. With me today is Fred Neukamm, vice-chair of the board. And just to let you know, all directors who sit on the board are tobacco farmers.

On behalf of our board, I would like to thank you, Mr. Chairman and members of the committee, for the opportunity to appear today to provide an update on the desperation facing tobacco growers. I also wish to extend the sincere appreciation of our board and membership to the committee for acknowledging that immediate implementation of an exit strategy is warranted and for your support of a motion in that regard. Thank you very much.

The Ontario Flue-Cured Tobacco Growers' Marketing Board is the only elected body that represents all of the flue-cured tobacco producers in the province of Ontario. We receive our powers from the Ontario Farm Products Marketing Commission and are responsible for all production, marketing, and advocacy issues relevant to the Ontario tobacco growers. Our board is the voice of the tobacco farmer, many of whom are presently facing mental, physical, and economic ruin. Many are struggling with the repercussions and hardships that have been inflicted upon us by the stringent anti-tobacco policies and legislation and the unintended consequences of these policies.

Skyrocketing contraband is but one of the unintended consequences of the government's taxation policy on tobacco products. The RCMP has confirmed that a network of illegal channels is flourishing in Canada. This lawlessness affects all of us. We often hear about the billions lost to government coffers and the drop in market share of manufacturers, but we seldom hear about the direct and indirect effect on tobacco farm families.

I would like to take a moment to tell you about that now. In 1998, our crop target was 151 million pounds. Early indications for the 2008 crop range from 16.5 million pounds to 20 million pounds: a drop of 85% to 89% in just 10 years.

The nosedive in demand for our leaf can be attributed, in part, to the fact that the widely distributed contraband product of today does not include our highly regulated Ontario-grown leaf. Also worthy of note is that both legal and illegal manufacturers are bringing in countless truckloads and container loads of uncontrolled, cheaper imported leaf daily. Cigarettes manufactured by our domestic companies traditionally contained about 95% Canadian leaf; today, the Canadian content is below 50%.

Under our current system, all flue-cured tobacco grown in Ontario must be sold through our board. Unfortunately, criminals are preying on our downtrodden farmers and are offering them an opportunity to sell their leaf under the table—no taxes, no fees to pay, just cold hard cash upon delivery. Although historically our membership has been hardworking, law-abiding members of the community, the environment of today has put them in a vulnerable position. They cannot pay their bills or service debt. As farmers, our backs are against the wall and we fear the lure of easy money will intensify as time passes without a solution.

Organized crime is in our own backyards. Cigarettes, booze, drugs, and goodness knows what else are being sold out of the trunks of cars. White unmarked vans travel from concession to concession in our rural areas, delivering rollies and other goods door to door to adults and youth alike. Rollies, 200 no-name cigarettes in a zip-lock bag, are becoming the norm. At \$12 per bag versus \$80 for 200 legal smokes, they are an easy sell.

Robberies are on the rise. Bales of tobacco are being stolen from our barns. We know of at least one incident where a farmer refused to sell his crop through illegal sources, and consequently, his barn was cleaned out overnight. We fear for the safety of our families. We fear what could happen if we stand up to these people. The whole contraband picture is so out of control.

● (0930)

We are encouraged by the government's commitment to taking action against contraband. As I said, illegal cigarette sales have robbed us of our market and have contributed significantly to the economic peril of our farmers.

We strongly urge Minister Day to ensure that comprehensive solutions to the contraband plague are found and that tobacco farmers are part of these solutions. We look forward to discussions with industry stakeholders, all of whom will benefit from the elimination of the illegal marketplace.

In addition to dealing with the realities of the marketplace, many of our farmers are faced with foreclosures and bankruptcies. They are trapped, as indicated by the last speaker. They have invested their life's work in tobacco-specific assets. They are carrying a heavy debt load that restricts their access to financing for any transition. It takes money to transition into other crops. Banks are calling in loans, not giving them out.

As you know, in December 2005 we put a proposal forward for government consideration that could eradicate all tobacco production in an orderly, managed, and fair way over the remaining life of the industry. We were told that our proposal was too expensive. Adjustments were made. We are asking that farmers exiting the industry today receive no less than those who exited under the tobacco adjustment assistance program, TAAP. This program paid tobacco farmers \$1.74 per pound for basic production quota and was successful in eliminating 51 million pounds of quota from our base. This was a first step in the process of eliminating tobacco production. It helped deal with the most financially vulnerable at the time. Unfortunately, there were not enough funds allocated to TAAP to address all the farmers. There were 700 applications, but only enough dollars to take out 200. Obviously a much more comprehensive plan was required.

Through the past two and a half years, we have had countless discussions with government representatives. Despite many commitments from our current federal ministers and signals that government was prepared to resolve the issue, we are still waiting for a commitment to and implementation of a program.

On March 31, we were told by Minister Ritz that there was no money for a program at that time. The minister suggested that a tweaking of existing programs could provide some relief to farmers in the short term. We have researched existing programs extensively and have informed government of our concerns about the accessibility and effectiveness of such programs. Many of them are cost-sharing programs, and as I said earlier, farmers cannot access money to participate in a cost-sharing program.

On the human resources front, tobacco farmers are finding themselves ineligible for these programs due to their self-employed status. We have made suggested changes to the CAIS program that we believe could address some short-term needs, but we have yet to receive a response to our suggestions.

Our world is crumbling around us. Negotiations around the 2008 crop have been extremely difficult and remain incomplete at this time. As I said earlier, the purchase intentions of the trade are very low. The price being offered is \$1.99, a price that we received some 20 years ago, and a price that is 62¢ per pound less than we received last year. Add into the mix a challenge to our marketing system by the trade, and you have the ingredients of an impossible situation. Our equity is gone, our borrowing power is evaporating, our debt load is too high, there is no more money for transition, and when you're 60 years old it's tough to find off-farm employment.

● (0935)

We believe that all stakeholders—federal and provincial governments, the trade, and the board—need to sit down together and discuss a resolution. It is our understanding that the contraband control initiatives introduced by Minister Day have been well received by the members of the trade. If contraband can be curtailed and the legal market share rebounds, the trade should consider contributing to a program. This and other possibilities must be explored now. We are willing and ready to participate and cooperate fully to reach a much-needed resolve.

Thank you. Fred and I are both prepared to answer questioning.

The Chair: Thank you very much.

In the interest of time, we have 25 minutes before the bells ring, so we're going to hold it to five-minute rounds to try to get five rounds of questions in.

Mr. Atamanenko.

Mr. Alex Atamanenko: I understand there are no bells and the vote is at 10 o'clock. Am I wrong in assuming that?

The Chair: I thought it was bells at 10 o'clock, and votes at 10:15.

I would suggest that we stick to five-minute rounds. I do ask that the witnesses all respond as briefly as possible. The five minutes includes questions and answers, and I will cut you off at five minutes.

Mr. St. Amand, kick us off, please.

Mr. Lloyd St. Amand: Thank you very much, Mr. Chair.

Thank you for coming, witnesses. Some of you who appeared before us almost a year and a half ago must think, here we are again

in the same situation. I would refer specifically to you, Fred and Linda, and two others.

I don't think anyone who has presented would disagree that tobacco producers are in a unique situation triggered by three factors.

First, contraband tobacco now accounts for some 40%, or close to 40%, of the market in Ontario and Quebec. There's no other commodity that faces that.

Second, there's no other commodity that yields for governments the billions of dollars in taxes that tobacco yields for governments. The federal government receives about \$2 billion a year from sales of tobacco.

Third, I don't think there was any other commodity that was advised five or six years ago to retool, to reinvest in new equipment in order to continue being part of the market, only to have domestic usage decrease dramatically by manufacturers and a much heavier reliance on import.

Is there a consensus, then, that tobacco producers are in a very unique situation? Does anybody disagree with that?

Ms. Linda Vandendriessche: Not at all.

Mr. Lloyd St. Amand: I'd like to ask you a little bit, then, about TAAP, the program to which you made reference, Linda.

As I understand it, TAAP envisioned a 60-40 split for federal and provincial governments to assist.

Ms. Linda Vandendriessche: Yes. At that time, that's the way it was set up.

Mr. Lloyd St. Amand: What now, on an immediate basis, does the sector need? Mr. Preston has made reference to meetings and task forces and so on, but that goes back a couple of years now. Time is wasting for the tobacco producers. We don't need more and more meetings, false hopes raised, and expectations unmet.

What does the sector need from the federal government and from the provincial government vis-à-vis the 60-40 split particularly?

Mr. Fred Neukamm (Vice-Chair, Ontario Flue-Cured Tobacco Growers' Marketing Board): Thank you, Lloyd, for your question.

You made reference to Mr. Preston and the economic development work that's going on there. We believe that is a positive step. It was part of our original proposal that economic development needed to be part of the solution. However, in the absence of something that deals with the grower issue, the economic development piece is really dealing with the symptoms of the problem, not with the disease. The disease is the precipitous decline in the legal demand for our product and, of course, the economic activity that we as farmers are no longer generating.

What we need immediately is a solution to this problem, and that is a commitment by what we call the senior partners in the tobacco industry, which really are the federal and provincial governments and the manufacturers. We need an exit plan. There are far too many growers, and there is not nearly enough money to go around. With a 20-million-pound crop for the existing 1,559 quota holders, we are all starving to death. We need a solution.

We are aware that Minister Ritz is having some discussions with the manufacturers on this. Of course, it does appear that's tied to some measurable success on the contraband issue. But we don't have time. We need some help right away.

Mr. Lloyd St. Amand: I understand the average age of a tobacco farmer in southern Ontario is 58 or 59. That's the average.

Ms. Linda Vandendriessche: It's 60. We got older in the last two and a half years.

Mr. Lloyd St. Amand: And the average debt load is some \$400,000, and a number, regrettably, have taken their own lives through sheer desperation.

• (0940)

Ms. Linda Vandendriessche: Yes.

Mr. Lloyd St. Amand: What is your understanding as to the provincial government's position?

My understanding is that if the federal government comes on board, so to speak, with a comprehensive exit strategy, the provincial government will similarly come on board. They're just waiting for a signal from the feds.

Mr. Garry Proven: Could I just make a point?

Mr. Lloyd St. Amand: Sure.

Mr. Garry Proven: The fact is that the average age is thereabouts, but a number of the people I've talked to are much younger. What's happened is that the fathers have helped the young guys get started, so now you have young families who are involved in this and who thought they had a future, but they don't, and they're stuck. This isn't just about retirees.

Ms. Linda Vandendriessche: This is not a question of retirees whatsoever, sir. I do appreciate that.

The average age is 60, and the tobacco farmer needs a solution. They need a program, and they need it now. And yes, the province has to come on board as well.

They have indicated to us that the solution—I know, wrap it up—is to let the product pay for the solution, and I think that all of us have to sit down together and get there.

You're right, Chair, we don't have any more time—none whatsoever.

The Chair: Thank you.

Monsieur Bellavance, the floor is yours.

[Translation]

Mr. André Bellavance: Thank you very much.

Mr. Preston, I imagine you'll agree with us that the future of tobacco production in Canada is not all that bright. This crop doesn't have much of a future. Instead it's coming to an end. Do you agree with me?

[English]

Mr. Joe Preston: Yes, my friends and neighbours are having some difficulties, I'll put it that way.

[Translation]

Mr. André Bellavance: Earlier we talked about the Tobacco Adjustment Assistance Program, which hasn't met all needs. Programs were implemented by the previous government, but indebtedness and other problems remain. Not everything has been resolved for tobacco producers, and that's why we're here today, once again.

[English]

Mr. Joe Preston: As you mentioned, the tobacco adjustment assistance program in its entirety wasn't enough. It was a step forward and it accomplished a little bit, but it wasn't the whole answer. It's going to take a far more comprehensive way forward, and it's going to take more than one party acting on it. It takes all of us working together. As Mr. Neukamm answered in the last question, the economic development piece isn't the only answer, and I'm here to agree that it isn't the only answer. There's far more needed, but we can't ignore any of these pieces; they all have to be there.

We're facing a single-industry situation in that area of southern Ontario—and you've had growers in Quebec facing this too, and I know there are others across Canada—with the industry shrinking to the point it is today, and there's no reason to think it's not going to go further. If we are to fix this, we have to have a comprehensive look at this with all oars in the water going in the same direction. The economic development situation is the same as that being faced by many single-industry towns in the forestry industry, or even now, in some cases, in manufacturing. This is where we find ourselves in the five counties in southern Ontario that have found tobacco to be their lifeblood, the economic driver of their area—but it's going away.

It's about the producers, but it's also about the guy in the barber shop, the guy at the car dealership, the guy who runs the local restaurant, and it's about the chambers of commerce, the mayors in these areas, and the municipalities, whose tax bases are shrinking. The good thing about the people in that part of southern Ontario is that they have a fantastic entrepreneurial spirit; they will come through, and they see a life.

The economic piece brought to that area by tobacco was all they used to have, and now the answer is that we need to be comprehensive in our solution. It's about all of that.

[Translation]

Mr. André Bellavance: Your answer indicates that you think a step has been taken forward. You also agree that others must be taken in order to solve the problem. As my colleague Mr. Lloyd said earlier, meetings and a task force have been organized. Wouldn't now be the time to take that step forward, that final step, and to implement an exit program? Is that among the government's intentions?

Minister Ritz said at the start of the year that he was studying the matter and that something was going to be implemented. Have you assessed what's being done about this in the world? In the emergency debate, a number of colleagues in the House of Commons talked about programs implemented in Australia and the United States.

Are you seriously considering offering tobacco producers an exit program of this kind? We're not asking that it be identical to the programs of those countries. However, I would like to know whether something concrete is being planned.

• (0945)

[English]

Mr. Joe Preston: To answer your question, and as we've spoken in the House and at other times, the comprehensive way forward is about all of these things. You mentioned the U.S. strategy, and that had a very heavy manufacturing component to it. The manufacturers really came to the table and, over a 10-year period, worked with the producers in their case.

I'm happy we're finally hearing the province's name spoken in this problem. The province has to be there; the manufacturers have to be there. The tobacco board is doing all it can do; Linda and I speak often. We all have to come to the same conclusion. It has to happen all at the same time.

We've talked about contraband, and Minister Day and Minister Nicholson are moving forward on contraband. The problem was allowed to grow to the point where, as I believe Mr. St. Amand said the other day, 40% of all the tobacco consumed in Canada is contraband tobacco. This is a huge bite off the industry.

The Chair: Mr. Preston, I'm going to have to cut you off. Mr. Bellavance's time has expired, and we're going to move on to Mr. Lauzon. To be fair to all members of the committee, we have to keep our time brief.

Mr. Guy Lauzon: Thank you very much.

You can understand that we have to really speed this along, so I'm going to ask a bunch of questions and preferably get some very, very quick answers.

I'd like to address the question to you, Linda. I think you said in no uncertain terms that the province should be part of the solution.

Ms. Linda Vandendriessche: Of course. Everyone should be part of the solution.

Mr. Guy Lauzon: A yes or no is fine.

Ms. Linda Vandendriessche: Yes.

Mr. Guy Lauzon: Okay. Do you also believe the manufacturers should be part of the solution?

Ms. Linda Vandendriessche: Yes.

Mr. Guy Lauzon: Based on that, actually we have a lot of members on the opposite side who say exactly what you think and what others think. For example, Mr. Atamanenko said he believes we need to get all stakeholders involved. Mr. Szabo had a number of quotes saying that we have to have a comprehensive solution, that this is a crisis in these communities, that we need a comprehensive strategy, that we need to look at where all the implications are for the affected communities, that it has been here for a long time.

The truth of the matter is that what we need is a comprehensive solution. So you can understand that when a motion was brought forward for one single-faceted, narrow approach to the solution, it wasn't appropriate. I think you would agree that we need a

comprehensive solution. Any motion other than that would almost be irrelevant.

Ms. Linda Vandendriessche: Thank you for the question.

There's no way I can respond to that, whether it's right or wrong. It's people we'd better start dealing with here. We have people suffering. As far as motions are concerned, those bring it to the forefront and have done that. We do need a comprehensive program, but the point of the matter is that that's a lot to say; get at a table and get it done.

Mr. Guy Lauzon: Exactly. We're in agreement with that, and I think Mr. Preston is working along those lines.

The other thing is that we have the Tobacco Farmers in Crisis appearing in our second hour. You mentioned something earlier, that it is the board that is the true voice of the tobacco farmers. So I'm starting to get confused. I'm not from southwestern Ontario. Who actually speaks for the tobacco farmers?

Ms. Linda Vandendriessche: If I can answer the question, the marketing board is duly elected, so there is an election process every year on a rotational basis for directors of the board who do handle all that.

As far as other groups go, you know what, there's nothing wrong with that. It's wonderful. People have to come together. It just demonstrates how serious the problem is and that people have to come together. The Tobacco Farmers in Crisis came together thinking they could contribute. In this particular organization, the NFU, Mr. Proven here is not a tobacco farmer, but he has come together with some tobacco farmers thinking he can assist in the problem as well. There's nothing wrong with that.

But as for who are the people government speaks to, it's the same. You were duly elected, and so were we.

Mr. Guy Lauzon: Thank you very much.

We have to give full credit to Minister Day. As you mentioned from personal experience, we have a tremendous contraband problem down in southwestern Ontario—as well as all of Ontario, for that matter—and other parts as well. Do you not feel that if we can solve that problem, or at least go a long way towards solving that problem, that would allow more of your farmers to be able to make a little better living?

• (0950)

Ms. Linda Vandendriessche: Fred will answer that question.

Mr. Fred Neukamm: Thank you, Mr. Lauzon.

You do make a point. The manufacturers are looking for measurable success on the contraband front. However, we have no confidence that it is going to restore our ability to supply them. They have gotten a taste of cheap imported tobacco in their efforts to compete against contraband. We have no confidence they're coming back to us.

Mr. Guy Lauzon: Which makes the point that this has to be a comprehensive solution. And I like Mr. Preston's approach and the minister's approach to this.

I have one question for the representative of the NFU. How many tobacco farmers do you have in your organizations?

Mr. Garry Proven: The NFU is a national organization—

Mr. Guy Lauzon: I realize that, but how many tobacco farmers do you have?

Mr. Garry Proven: You know, I couldn't tell you exactly how many tobacco farmers are NFU members. I know how many there are in my area.

Mr. Guy Lauzon: How many would be in your area?

Mr. Garry Proven: There are a couple of hundred.

Mr. Guy Lauzon: Okay.

Mr. Preston, you're doing town hall meetings and you're working with all of the stakeholders. How is that going?

Mr. Joe Preston: It's going well. I'm very pleased with how well the mayors have come together on this. The answer is that I'm just facilitating this; the real work is being done on the ground by the municipalities and the counties. They recognize the economic distress that's going to be there.

Under any circumstances, given where it is today, even if an absolutely perfect or total solution were found tomorrow, the economic distress is still going to be there. The crop that has led this area's economy is not going to be there anymore. So we have to put in place a long-term vision of what this area of southern Ontario will look like down the road. That's the answer. I'm not trying to separate it off from this problem; I'm saying that it goes hand in hand with this, and that it has to be there too.

And as you've mentioned, the battle against contraband is the third wheel to this. There have to be all three of these things working—and they don't stop, but go on forever.

The Chair: Thank you, Mr. Preston.

Mr. Atamanenko, you have the floor.

Mr. Alex Atamanenko: Thank you for being here.

I'll try to be brief. In 2000, you mentioned that the growers were encouraged to invest heavily by government and industry and that many put their life savings into doing that. Then there was a market free fall. And then we talk about all stakeholders needing to contribute; and I agree with that, as I think it's a multi-faceted approach.

The first question is, would you then agree that even though all stakeholders need to take responsibility, the lead should be taken by the senior level of government because of the government's prior initiative to encourage more investment? In other words, yes, we can pass the cart around the table, but somebody has to take the bull by the horns—especially if it were our level of government that encouraged further investment—and take the lead to bring these people together. That's the first question.

And the second one is about an exit strategy and contraband. In an ideal world, we would solve the contraband issue and move into the exit strategy, and some people could stay in the industry and some could leave. But even though the initiative has been undertaken by our ministers to do that—and I thank them for that—to try to get the contraband under control, what we in fact have is a crisis situation, and we have to set priorities.

Would you agree, then, that we should be getting the federal government to take the lead? You know, the minister's response of March 31 that no money is available is not acceptable. The fact that there is no response to your suggestions is not acceptable.

So should we be demanding that the government take the lead to bring people together, to take the initiative, and to bear some responsibility, and also to do the exit strategy as we work on contraband? I'll just leave it at that.

Ms. Linda Vandendriessche: Yes, that is a good answer.

But just to start off, you're right, the reason we approached the federal government—because it is a national problem—is the national situation with the sale of tobacco across the country. And rightfully so, it is the federal government that is the top echelon of government, so you would go to them first. And I would personally feel, and I think the board does, that the federal government is responsible for bringing all of us together. And they are doing that; I won't deny that. I've had conversations with Minister Ritz, and we are continuing those conversations with his department. We're doing well, trying to get things together. But it's the urgency of the situation—we have to move more quickly.

As far as trying to solve the contraband situation is concerned, there is contraband in all manufactured products. You haven't solved those, and you're not going to solve tobacco's problems overnight either. But given the desperation of farmers today, we need to come up with a solution today, to have input into a program that delivers some dollars to these farmers—to all of us who are suffering—because not only will it assist us, but it will also assist the manufacturers and storekeepers.

And we will pay our taxes. I sat on municipal government for a long time. I know very well that when a farmer is broke, the number one thing he does do is pay his taxes, because we have pride and respect in that. But at the end of the day, it's pretty tough to say to your kids, you can't go to university this year because we don't have the dollars.

This program needs to come, and it needs to come now, and we need the assistance of all parties to put something together. I'm begging. I am begging that you will see fit to come forth and help us. But I do acknowledge that Minister Ritz's department is helping us, and we are in discussions with them and hope that those will continue until a resolution.

• (0955)

Mr. Joe Preston: Mr. Chair, could I speak to that?

You've just seen the patch-in with Linda, and I know that Fred is the same way.

Mr. Atamanenko, you said someone needs to take the bull by the horns, and I have no doubt who is doing it. I don't even have to look at my call display sometimes to know who's calling. The tobacco board has taken the lead to bring it to us, and I know that they're taking the same lead and taking it to the province in their own discussions with the manufacturers also doing that piece.

Mr. Garry Proven: May I say something as well?

Look at the profits that are being made in the cigarette industry right now. There's lots of money in the cigarette business, and there's no reason the federal government cannot negotiate an arrangement with the manufacturers. There's plenty of money available. This little bit that we're asking for is nothing.

The Chair: Mr. Atamanenko, you have 20 seconds.

Mr. Alex Atamanenko: I think the misconception many have is that this has to be an entirely government-funded approach and that we have to somehow scramble to find the money from taxpayers' dollars. But what you're saying is that there is an equal, if not greater, responsibility on the part of industry, which has money that could certainly contribute to this, because they are part of the problem. Am I right?

Mr. Joe Preston: They are a huge part. Yes.

The Chair: Thank you, Mr. Atamanenko.

Mr. Easter, you get to take us to bells. As soon as the bells start ringing, we will suspend.

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

I think it's fair to say that the exit strategy that the tobacco industry believed the current Minister of Immigration had committed herself to, had committed the government to, and then broke her word on was based on the federal government, the provincial government, and industry. Is that correct? And was the federal government share about \$275 million?

Mr. Fred Neukamm: Mr. Easter, thank you for the question.

When we put forward the original proposal some two and a half years ago, it spoke to the consumers and/or the manufacturers of tobacco essentially paying for this through a levy on a carton of cigarettes. But throughout this process we look to the senior partner, which really is the federal government, to cause it to happen.

Federal tobacco tax policy extends right across this country. The federal government has the levers at its disposal to cause this to happen, either directly by making the manufacturers pay for it or by putting a levy on a package of cigarettes themselves to fund it.

Hon. Wayne Easter: I think what you're saying, Fred, is that the plan you could have put in place—and this is why I can't understand the federal government's reluctance—would have been self-financing to a great extent, with either additional levies, which somebody said earlier bring in \$2 billion to the federal government, on tobacco itself or levies on the share of the cost that the manufacturers would follow through on. Is that not correct?

• (1000)

Mr. Fred Neukamm: Yes.

Hon. Wayne Easter: "Revenue neutral" is the new term these days. It will be revenue neutral to the Government of Canada.

Mr. Preston, in terms of the proposal that you're following up on, what is the target date of having this completed?

I've been in this area with these tobacco producers, and indeed suicides are a problem. This is an industry that doesn't have a future, and the asset levels are going through the floor. The bankers have made it clear that there are no asset levels left, and they're moving in. What is the specific target date by which you can assure this group of

tobacco producers that you will have finished and an announcement will be made so that they can clear with their bankers what liquidity they may have at the end of the day?

Mr. Joe Preston: Mr. Easter, the question is not that easy. I'm chairing an economic development task force for the area to help the municipal governments and the county governments find a way forward into the future. That's what the minister has tasked me with. I expect that my economic task force will finish its work this summer, and the solution and plan forward will come from that. I expect it to be extremely comprehensive in the short term, from an economic development point of view, for the municipality so they know what is available to them from a program point of view.

The Prime Minister announced the community development trust for industries like this. That money has now been transferred to the province, and we will be asking to use part of that in this program. But I expect that the economic development piece will be brought forward from a short-term plan and a long-term plan by the end of this summer.

Hon. Wayne Easter: Would it jeopardize your process if the Minister of Agriculture and Agri-Food announced tomorrow a commitment by the federal government of \$275 million to meet the needs of the people who are most direly affected?

These are the people who are committing suicide. These are the people whose lives and futures are on the line. Would it jeopardize your process if the federal government committed to that? We've already established that it's cost neutral.

Mr. Joe Preston: Mr. Easter, these are my friends and neighbours too. Of course not; this is a parallel process that has to happen. We have to do all of this.

Contraband has been mentioned here today too. It's at least three prongs going forward: it's economic development; it's contraband; it's an overall solution for the producers. All of these things have to happen.

The Chair: Okay, the bells are going; it's my duty to suspend the meeting.

I want to thank the witnesses for coming and testifying. We will come back. Your stuff is safe in here. The room will be monitored. The clerk will stay in the room. Immediately following votes, please come back, and our second hour will commence with our other witnesses.

Monsieur Bellavance, I need to table our reports in the House during routine proceedings, so I'll ask that you take the chair when we return.

Thank you. We are suspended.

• _____ (Pause) _____

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• (1135)

The Chair: I call this meeting back to order.

We're going to continue our study on tobacco production in Canada. We're into the second hour. I do appreciate everybody's patience, since votes went on for over an hour.

For the committee's information, I just finished tabling our seventh and eighth reports, so they can be made public now.

We're going to welcome, from Tobacco Farmers in Crisis, John Lechowicz, who is a farmer, and Peter Van Berlo; and from the Association des producteurs de tabac jaune du Québec, Gaétan Beaulieu and Christian Boisjoly. I want to welcome both groups to the table.

We're going to start off with Mr. Lechowicz.

Mr. Jon Lechowicz (Farmer, Tobacco Farmers In Crisis): I guess it's still good morning.

My name is Jon Lechowicz. I'm a tobacco farmer and a founding member of Tobacco Farmers in Crisis. TFIC is an umbrella grassroots farm organization, with farmer members from the last three provinces in tobacco production in Canada, those being Ontario, Quebec, and P.E.I. We represent over 500 farm units and over 70% of the tobacco quota holdings in Ontario.

At this time I'd like to thank the committee for its support and recent motion, which was carried by a majority. So I'd like to thank those members who voted in favour of that motion.

Since TFIC was first presented to this committee two years ago, the Canadian government—and by that I mean governments—has collected \$18 billion in tax revenues. As a matter of fact, since 2004 when TFIC began its campaign to seek compensation for the loss of quota caused by government policies, Canadian governments have collected in excess of \$36 billion in tax revenues.

The multinational cigarette companies doing business in Canada have made in excess of \$8 billion in revenue. This year, Rothmans recorded record profits, largely through increased use of cheap imported tobacco from developing countries. Apparently contraband hasn't hurt the bottom line of those two big partners in the tobacco business, those being the government and the multinational corporations.

The U.S., the European Union, and Australia have all compensated their tobacco farmers for loss of their livelihoods, and in a manner and to a level that is appropriate.

A profitable contraband market has continued to flourish more or less unchallenged by the same government that has denied fair compensation to farmers.

Canadian tobacco farming communities have been steadily dying. Tobacco farmers have been drowning under mounting debt or going bankrupt, and their families have been torn apart by stress, depression, and constant fear about their bleak futures—and as mentioned by Mr. St. Amand this morning, to the point of suicide.

We know these people. A gentleman burned himself to death in his tobacco barn not long ago. On Tuesday, by virtue of my other job as a real estate agent, I got a call from a social worker who had a third-generation tobacco farm family sitting in her office, who had to ask me how a power of sale went, because they've been notified that they had to vacate their home of the last three generations by June 13, which is tomorrow.

These people were waiting for the government of this country to do something for them. They've lost their quota. They've lost their

farm. Whatever you're going to do now is not going to help them. They're gone. And there are a lot more like that. They're going to be gone before this government does anything, apparently. That's what I see.

The Minister of Agriculture has declared that there is no money for an exit strategy, while his government has made record cuts to the GST and other taxes, and at the same time steadily raising more tax revenue from sales of legal tobacco products.

Manufacturers, in the past 36 months, have raised their price on a carton of cigarettes by over \$3. That's more than we've ever asked for. They've already taken it out of the tobacco business.

This situation is unfair, dishonest, and hypocritical. Our position is that Canadian tobacco farming families have been robbed of their legal livelihoods by the Canadian government in collusion with multinational tobacco manufacturers, who are raking in taxes and profits respectively while farmers are going bankrupt. This would not be allowed to happen in any other industry. If the government did this to a foreign company, for example, they would be hauled before courts under international trade and investment treaties that Canada is party to, and they would compensate or desist.

Our demand is simple: fair compensation for the years of work and investments we have made in a legal livelihood that has been taken from us by a government that persists in believing farming families and our communities are acceptable collateral damage.

• (1140)

We respectfully remind the committee that this not an agricultural issue. Tobacco farmers are the only victims of Canada's ill-conceived tobacco control policy, which taxes a product to control legal consumption. This is a health policy, not an agricultural policy.

The same government has all but ignored the resulting growth of a contraband market, which now accounts for 30% to 40% of all cigarettes consumed in Canada, which keeps it easy and cheap to smoke in this country. It's a justice issue, not an agricultural issue.

Last year we produced 37 million pounds of tobacco that we sold through the marketing board. That was our total production. All of that production last year would not have supplied the contraband market, even if 100% of that production had gone to the contraband market. So do not look to the farmers for the salvation of the contraband problem. We're not part of it—never have been, and never will be.

And the same government ignored the fact that this combination of a highly taxed legal product and a cheap, easily available alternative would wipe out tobacco farming families and their communities by destroying the economic value of the tobacco quota and related investments. These are financial and economic decisions, not ones emanating from the Department of Agriculture and Agri-Food.

In fact, tobacco is still big business in this country. As we all know, governments and tobacco manufacturers reap billions of dollars from it each year. Tobacco farmers are the only economic victims. Of the revenues generated, the government takes 68%, the multinational companies take 23%, and Canadian farmers receive a fraction of 1%. This plainly and simply is a disgraceful inequity.

Today we'll address where TFIC is going next, after four years of intensive lobbying and education on this problem, and why we have chosen this path. In our strategy, we have now been forced to pursue two tracks. We will continue to seek redress from government by discussion and lobbying—which has always been our preferred route up until this time. And we will support legal action by farmers. Although we are hopeful that this issue can be moved to the departments of health, finance, and justice, we recognize that farmers must be prepared to take actions that will protect their families' assets if this fails. People are being excluded from this process as we speak.

First, in terms of pursuing direct government action, we continue to demand that the issue of quota compensation be immediately acted upon by those departments within government responsible for the tobacco control file, namely, Health, Finance and Justice. We recognize the shrewd strategy of the Conservative government in continuing to lob the tobacco issue back into the agriculture department, which does not have the funds to implement an exit strategy. But as we have repeatedly emphasized, this is not an agricultural issue. This crisis in tobacco farming has not been caused by poor agricultural policies or crop production problems. It has not been caused by any natural disaster. It is Canada's tobacco control policy and related measures that have destroyed the economic value of tobacco quotas, and the owners of those quotas must be compensated for that loss of value. That's what this is all about, plain and simple. It's a business issue and an issue of basic fairness and justice to compensate us for the deliberate devaluation of assets and the loss of our legal livelihoods. We are simply asking Canada to do the same thing as other countries have done.

To guide that discussion, we developed a blueprint for action, which TFIC first presented to the federal and Ontario governments in July 2005, and of course we presented it to this committee in 2006, as the basis of a comprehensive exit strategy. We have brought along copies in case someone hasn't seen it.

We ask this committee for your continued support to try to move the issue of compensation for tobacco farmers' loss of livelihood onto the government's immediate agenda. Our first choice is to have this resolved by government, but until it becomes a matter on the Order Paper, nothing will be done. We are therefore asking for an immediate discussion in the House, with the focus on the point that the issue should be acted on by Health, Finance and Justice.

Although we acknowledge the committee's passage of a recent motion as a good first step, the level of funding is inadequate. Therefore, we also ask this committee to support and recommend to Parliament our blueprint for action as the basis of a comprehensive, fair, and orderly exit strategy.

Based on the government's intransigence and neglect to date, we are very concerned whether the tobacco issue will reach the House in time for many of our members. Therefore, we have no choice but to support our members and other farmers seeking legal options. We feel we have no other options.

• (1145)

Thank you for your time. I'm ready to answer lots of question.

Thank you very much.

The Chair: Thank you very much. We appreciate your intervention.

With that, we'll turn it over to Monsieur Boisjoly.

Mr. Christian Boisjoly (Director, Association des producteurs de tabac jaune du Québec): It is Mr. Beaulieu who will be presenting, instead.

[Translation]

Mr. Gaétan Beaulieu (Chair, Association des producteurs de tabac jaune du Québec): Members of the Committee, to begin with I would like to thank you for your invitation to appear before this committee.

The Association des producteurs de tabac jaune du Québec 2203, whom I represent, counts 49 members. They are growers or ex-growers who have quit tobacco production by taking the Federal government's TAAP program.

Last year, the members of our association, represented by Mr. Christian Boisjoly, deposited a brief which explained the different steps in the tobacco crisis.

I was co-chair of the round table put into effect by the Minister of Agriculture and Agri-food of Canada. The position of the Quebec growers was well understood by the members of the round table. At the end of our discussions, the Honourable Bob Speller announced the TAAP program on May 4, 2004. Unfortunately, the \$67 million of the program was not enough to meet the specifics of the Quebec quota system.

After a year of discussions, it was imperative to put in place the TAAP program with the understanding that the Agriculture Minister at that time would continue with a process to elaborate another program but on a long-term basis. Even though there were different meetings with the Minister's representatives, Mr. Donald Boucher, to name one, it does not seem that a program is in preparation.

The four Quebec growers who preferred to continue with tobacco production have to put an end to production this year. Their buyer has not renewed his contracts this year and the 2007 inventories have not all been shipped.

It is more and more difficult for Quebec growers to keep their farms in production. The cost of converting to other crops was enormous and 2007 was a catastrophe for exports.

We truly believed that the Minister of Agriculture of the time, the Honourable Chuck Strahl, would put a program in place for the tobacco growers as mentioned in his letter addressed to me and dated September 26, 2006.

I am here today to inform this Committee that the Quebec tobacco file is not complete and we are still waiting for an invitation from the Federal government to participate in a process to examine possible solutions on a long-term basis.

I thank you for your time and please accept my distinguished salutations. I am prepared to answer any questions you wish to ask me. Thank you.

• (1150)

[English]

The Chair: Thank you very much.

With that, I think we'll go with five-minute rounds.

Mr. St. Amand.

Mr. Lloyd St. Amand: Thank you very much, Mr. Chair.

Thank you for appearing before us today.

We've heard about lots of meetings. We understand that the meetings are going well—whatever that might mean, because no concrete results have been established and no deadline for reporting back has been established. So I'm not quite certain what it actually represents to say that the meetings are going well, in the face of farmers who are committing suicide.

Mr. Lechowicz, in terms of what this committee can immediately do to assist tobacco farmers—and I'm not talking about scheduling more meetings—if I were to seek unanimous consent from committee members for a motion calling on the federal government to provide immediate funding to the extent of \$1.78 per pound for tobacco farmers in Canada, as an interim payment until a full exit strategy can be implemented, how would such a motion be received by your sector?

Mr. Jon Lechowicz: I'd have to say that it would be welcomed, because it does have the caveat that we can still make this fair in the future. I think it would be fair to the community too, because Mr. Preston seems to be concerned about the community—and well should be—just as we were in our blueprint for action, where we identified \$150 million for the community on pages 9 and 10 of our original blueprint. Perhaps that fell on good ears. But it would be welcomed.

From my point of view, I recognize Mr. Preston's point that this is all-encompassing, but that doesn't mean it all has to happen at the same time, because the barber shop and the restaurant will there in three years, but half of our members may not be here in one year.

Mr. Lloyd St. Amand: As I understand it, there have been meetings and more meetings and more discussions and more suggestions and expectations. But am I correct in thinking that to this point, not a dollar has been received by tobacco farmers or quota owners from the Conservative government?

Mr. Jon Lechowicz: I guess that would be correct.

Mr. Lloyd St. Amand: Is there any guessing about it?

Mr. Jon Lechowicz: No, there would be no guessing. I have not received anything directly with tobacco, and I don't believe any other tobacco farmers have.

Mr. Lloyd St. Amand: All right.

Are you yourself a tobacco farmer, Mr. Lechowicz?

Mr. Jon Lechowicz: Yes, I am. My family has been farming tobacco since 1930.

Mr. Lloyd St. Amand: Okay.

I've had discussions or conversations with some bankers, and it's my understanding that institutional lenders, based on commitments or overtures that had been made by the Conservative government,

have held off foreclosing or taking aggressive collection steps because of what they understood to be commitments made by the government. Is my understanding correct or not correct?

Mr. Jon Lechowicz: I believe that's correct. We have seen the results of that too.

Mr. Peter Van Berlo (Farmer, Tobacco Farmers In Crisis): I'd like to add that the communities and so on wouldn't be in as bad shape as they are now had the Conservatives taken care of the farmers two and half or three years ago.

Mr. Lloyd St. Amand: Mr. Chair, it's my understanding that to bring a motion I require unanimous consent. If I'm wrong on that, I stand to be corrected, but—

The Chair: Actually, the standing order that we have, as passed at our opening meeting when we reconvened, states that all motions require 48 hours' notice.

Mr. Lloyd St. Amand: What I would like to do, then, is—

The Chair: You can seek unanimous consent.

Mr. Lloyd St. Amand: Exactly. I would ask, then, for unanimous consent to introduce a motion calling on the federal government to immediately provide funding to the extent of \$1.78 per pound to tobacco farmers in Canada as an interim payment until a full exit strategy can be implemented.

• (1155)

The Chair: Is there unanimous consent?

Mr. Brian Storseth: Is this being tabled in both official languages as per the standing orders as well?

The Chair: I'll just read our standing order, according to the minutes of November 14, 2007:

That 48 hours notice shall be required for any substantive motion to be considered by the committee; and that the period of notice be calculated from the time the motion has been distributed to the members of the committee by the clerk of the committee; and that the motion shall be distributed to members in both official languages; and that all motions received by the clerk shall be placed upon the agenda of the first committee meeting following the period of notice.

However, unanimous consent can overrule the standing orders.

We have a motion. Is there unanimous consent for him to proceed?

Mr. Brian Storseth: On a point of order, then, Mr. Chair, what you're saying is that the standing orders we set up at the beginning can just be overruled—

The Chair: As they are in the House of Commons as well, Mr. Storseth.

Mr. Brian Storseth: Do you have this in Marleau and Montpetit as the standing orders, Mr. Chair?

The Chair: With Marleau and Montpetit, as you know, anything in the Houses can be done through unanimous consent, as long as there is unanimous consent. So I'm just asking, is there unanimous consent? If you don't want to consent—

Mr. Brian Storseth: I'm just asking whether you actually have that on—

The Chair: I'll have to reference it.

Mr. Brian Storseth: I don't believe that's the right ruling, Mr. Chair. I believe the standing orders as were dictated in the original meeting...but I could be wrong. I don't have my Marleau and Montpetit in front of me.

The Chair: I'll get it, then.

You can continue on with some questioning, Mr. St. Amand, while I look this up.

I'll tell you what: time has expired, so I'll move on to Mr. Bellavance. If you want to ask questions while I reference this on the point of order—

Mr. Lloyd St. Amand: I would ask for a recorded vote, whether it's unanimous or not, Mr. Chair.

The Chair: It's your time, Mr. Bellavance. You have the floor.

[*Translation*]

Mr. André Bellavance: Thank you, Mr. Chairman.

Mr. Beaulieu, in your testimony, you refer to the fact that you were co-chair of the round table in 2004, at the time of the previous Liberal government. You had an important role to play, which moreover led to the adoption of the Tobacco Adjustment Assistance Program, the TAAP. Your work produced results. However, we heard witnesses and held an emergency debate on the subject this week, and we know that that program has not solved all the problems.

Have you sat on any other bodies since 2004? There is a lot of talk about meetings with the department. Is the Association des producteurs de tabac jaune du Québec attending them? If not, do you still have an idea of what is currently going on between the government and tobacco producers?

Mr. Gaétan Beaulieu: In the spring of 2006, we met with the representatives of the Department of Agriculture and Agri-Food. We explained our views again, but I have had no discussions with representatives since that time, except the telephone call I made to ask them where the matter stood. I was told that they were still talking with the Ontario people and that they would call me back if there was anything new. We have had no meetings with federal government representatives since the spring of 2006.

Mr. André Bellavance: So Quebec tobacco producers have been excluded from the discussions over the past two years, except for you who are taking the lead in asking the department what is going on.

Mr. Gaétan Beaulieu: If there were any discussions, I was not made aware of them.

Mr. André Bellavance: And yet, in September 2006, Mr. Strahl, then Minister of Agriculture and Agri-Food, wrote to you that he was conducting a consultation to develop a plan enabling producers who so wished to get out of tobacco production. There has been talk of such an exit plan for some time now.

Do you therefore expect the matter to move forward? Ontario producers say the plan still isn't in place.

Mr. Gaétan Beaulieu: To my knowledge, no plan or program has been put in place. The minister said in his letter that we should take part in the discussions in Quebec, that our contribution would be important, but they were not held.

Mr. André Bellavance: Is there any particular reason why Quebec producers were not informed?

Mr. Gaétan Beaulieu: Perhaps there aren't any discussions. I don't know why we're not invited to those meetings, if there are any.

Mr. André Bellavance: One thing is certain: a plan still has not been put in place. You and Mr. Boisjoly said that Quebec producers were special. What's the difference between Quebec producers and those in Ontario? Most tobacco producers are in Ontario. Your quota systems are different. How are they different, and what difference does that make?

• (1200)

Mr. Gaétan Beaulieu: Our quota system was put in place much later than Ontario's. In the early 1980s, our system was based on actual production. At the time, we were producing about 15 million pounds of tobacco and quotas had been allotted to us. I believe the quota system in Ontario was established much earlier and was not based on actual production.

After analyzing the various requests from our tobacco companies concerning quotas, we concluded that a conversion factor should be applied, which the departmental people recognized at the time. Throughout the discussions, however, those solutions were not retained because the TAAP had not been designed for that purpose. However, we were assured that a longer-term program would be established.

[*English*]

The Chair: I'm going to have to interrupt. We have bells going again. We have to be in the House for a vote.

First of all, I want to rule on the point of order raised by Mr. Storseth. I'm going to rule on only the first point of order, that unanimous consent—as found on page 497 in Marleau and Montpetit—can be sought. Let me just start here:

Such a suspension of the rules or usual practices is done by what is termed “unanimous consent”. When unanimous consent is sought, the Chair takes care to determine that no voice is raised in opposition; if there is one single dissenting voice, there can be no unanimity. Whenever the House proceeds by unanimous consent, the fact is noted in the official record.

Mr. Storseth.

Mr. Brian Storseth: I move that we adjourn the meeting, as per standing orders, since the bells are ringing.

The Chair: The standing orders are that I suspend the meeting. I have a motion to adjourn.

(Motion agreed to)

The Chair: We are adjourned.

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