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Chair

Mr. Larry Miller

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• (0755)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): Okay, we're going to call this meeting to order. Our time, as always, is too limited.

It's great to be in Alberta on the second day of our study into the future of agriculture, in particular what we can do to attract and keep young people in agriculture.

I'd like to say thank you in advance to all of our witnesses for being here today. Being a farmer myself, I know how hard it is to take a day or a morning off. We really appreciate that.

If we could have your presentations for five to seven minutes maximum, it will be appreciated. I'll put my hand up to motion there are two minutes left. If you don't quite get through your presentation, you can hand it in to the clerk. With the questions, you can always enlarge on the points that you care to.

Our first witness is Doug Scott.

Mr. Doug Scott (Director, National Executive, Alberta, National Farmers Union): Good morning, all. I find this a little bit unnerving, as I've never appeared before a standing committee before, and to be the first presenter is interesting.

I'm here representing the National Farmers Union Youth, and certainly I am not a young farmer. I've been involved in the business for a number of years. Ours is a century farm, settled by my grandfather and great-grandfather in 1908. The report that I'm about to give to you has been prepared by the young farmer wing of our organization. And interestingly enough, the age at which the NFU considers young farmers to be was changed this past year and now we consider young farmers right up to the age of 35.

It's no secret that Canada is losing farmers at an alarming rate, especially those who are younger than 35. Statistics Canada information shows a 62% drop in young farmers over the course of 15 years and a consequential rise in the average age of farmers. We can see that clearly farmers in Canada are getting older and that there are very few young farmers choosing farming as a career. I think overall, if we were to look at the statistics, we would see that between 8% and 9% of farmers in Canada are younger than 35 years. Probably about 40% of them are above 55 years of age and the remainder are in the age group of 35 to 54 years, so clearly there's a big shift coming.

The potential negative effects of this continual shift were recognized decades ago, and it's only recently that a major effort

has been made from many sides of the industry seeking solutions. The demographic changes can be attributed to many factors, such as market fluctuations, more efficient production methods, improved technology, and more career options for young people to choose from.

The current statistics on young farmers show that something more dramatic has happened in agriculture to cause this decline. Potential new farming entrants have lost the support mechanisms that reassure them that they will be able to earn a living from farming. Most farmers start out their career as small farmers and then grow larger for various reasons. The mechanisms that small farmers use to get started are basically the same ones that new farmers will use when they start farming. However, these mechanisms have been depleted over the years, and as small farmers lose their ability to earn a living and new farmers no longer have the security they need to begin their career, the result is fewer and larger farms as well as fewer and fewer entrants into farming.

Some examples of these support mechanisms for small farmers are supply-managed production systems, so they can actually see that there's going to be a profit at the end of the day; collective marketing strategies; ability to save and reuse seed; producer car-loading sites; and local accessible infrastructure to assist in the first stages of processing and marketing our farm products. These systems clearly benefit small producers, but they are threatened today, and sometimes by the voices that are searching for ways to regenerate interest in agriculture among our young people. It's interesting, from a western perspective, because what we see in farms is not necessarily what we see across Canada. There are many smaller successful farms in eastern Canada. A lot of them are involved around direct marketing of their own produce, vegetable gardens and so forth, and these people are actually making money farming.

There are actually three areas of agriculture policy that have an effect on beginning farmers, and I would like to call your attention to ones that we think are very important. The first one is financing and insurance. Farm debt has skyrocketed to an estimated \$62 billion. It's increasing at the rate of \$2.5 billion a year. Unchecked, it will double again by late 2020s or 2030s, so the increase is rapid, and it's relentless. Basically, it starts in about 1994, and that's when we started to see the growth in farm size.

● (0800)

Have I only two more minutes? Okay, I'll run through this really quickly then.

Basically, what has happened is that as farms have become larger and larger, debt has correspondingly increased. Another thing that's alarming is the amount of debt that's carried per dollar of a realized net farm income.

We all understand that you need debt in order to run any type of business, but the increase in debt in the Canadian farm population is alarming. Young farmers are going to need access to land and intergenerational transfer. Many beginning farmers find themselves unable to provide the necessary security that banks require to borrow the sums needed for purchasing land. If and when they are able to secure the funds to purchase property, the debt load on new farmers is enormous.

The NFU Youth makes the following recommendations: a land bank system of tenure guaranteeing a fair price to the seller while offering new farmers affordable conditions of purchase; intra-generational transfer programs that facilitate the movement of land and capital and minimize the cost in tax burdens on both generations; and a limit on land speculation, foreign ownership of land, plus research support promotion of alternatives to land ownership, such as cooperatives, could be solutions for new farmers.

Also in regard to federal programs, business risk management plays an extremely important role in Canadian agriculture, and with increased instability in markets and climate producers rely on federal program support programs to mitigate risk. The recent transition in a few provinces of agricultural stability crop insurance offices demonstrates practical moves to create a more accessible producer-focused approach to this assistance.

The NFU also makes the following recommendations: lower caps on federal support programs to \$500,000 to ensure more support gets to the most vulnerable farmers; maintenance and strengthening of farmer-led supply management and orderly marketing systems to provide stability for new farmers; simplified federal support programs for young and new farmers to make them accessible without hiring a professional accountant; and regionally administered programs to support new entrants advertised effectively in local rural areas.

In conclusion, I'd like to say that in recent decades agricultural policies in Canada and similarly throughout the world have deliberately and systematically removed mechanisms of protection for farmers. This has resulted in fierce global competition in the marketplace. A lack of resolve on the part of governments to control consolidation in the industries that not only supply farmers with their inputs but also purchase their goods has resulted in farmers dealing with corporations that are so large and without competition that farmers cannot earn a decent living in Canada.

Whether this movement has taken place in the name of economics, agri-food science and technology, or increased production and efficiency, it has clearly neglected some of the most important requirements for long-term sustainability of the sector. Strengthening the systems that create stability and increase market power for individual farmers in Canada will result in renewed

interest. For the just under 30,000 young farmers in Canada today and the fastest declining numbers in history, we simply cannot afford to continue along this path. A policy direction that focuses on valuing small producers is the only option for long-term renewal in agriculture.

● (0805)

The Chair: Thank you. One of the advantages that we have with written presentations is that all the members get to follow up and read them, so it's good. Thank you.

Mr. Stokes and Mr. Larsen, I understand you're presenting together, so you have five to seven minutes, please.

Mr. Darrell Stokes (As an Individual): Good morning.

My name is Darrell Stokes. I'm a farmer in the Drumheller district, about a hundred kilometres east of here. I am accompanied by my friend Ken Larsen, from Benalto, west of Red Deer.

We are pleased to appear before this committee to represent ourselves as farmers as well as members of the Canadian Wheat Board Alliance. It's a new organization that supports the current single-desk monopoly mandate of the Wheat Board and will promote candidates for election to the board of directors.

The subject of your committee's work is young farmers and the future of farming. I would like to be able to tell you that there is a bright future for young people to get into the farming business, but in truth there is not, at least not in the prairie region of western Canada.

The idea that a young person could decide that he or she wanted to start a farm from scratch today is completely out of the question. They recognize that both the economics and the policy environment are hostile. Starting a new farm means borrowing to buy land and equipment. The debt load from this is overwhelming, and does not even begin to deal with operational expenses that come from planting, fertilizing, spraying, and harvesting a crop. This is not an issue that can be solved with loans, even interest-free loans. The economics just do not make sense.

What must be done from this point forward, if young farmers are to have a future, is to help them stay on, or come back to, the family farm. To do that, we must make the economics of farming look reasonable, and they are not reasonable today.

Although farmers' gross income has risen substantially in the last 20 to 30 years, our net income is almost the same. We grow more bushels, we transport more bushels, we sell more bushels than ever before, and yet farmers see virtually the same number of dollars profit per acre as we did 30, 40, 50 years ago. Adjusting for inflation, we actually get less than the previous generations.

Farmers are doing their job. They're providing food for a hungry planet, investing in new technologies, being good stewards of the land. Yet the benefit from most of this goes not to the farmer, but to the agri-business industry that has grown exponentially in the recent past. The huge disparity, measured in billions of dollars, between the value of what farmers produce and what they get paid is swallowed up by input suppliers, rights holders, processors, transport operators, and retailers.

We all want the best for our children, the young farmers. We want them to enjoy happy, productive lives. We want them to get an education. You have to ask, why on earth would they want to come back to the farm? Why would they want to take on the headaches and stresses of trying to operate a farm, struggling to earn one or two percentage points on their huge investment? Why wouldn't they use their education to make a comfortable living without the struggle?

Well, there is a reason that they might. A farmer's life is a good one. We all know about the fresh air and the sunshine, but there's more to it than that. You can take pride in a day's work despite the hardships. You can have the satisfaction of knowing that your labour has meaning, that your contribution to your community helps it stay strong and vibrant. A farmer's life presumes a certain dedication to an idea that rural Canada can work. But all of those reasons for optimism will wither away without the economic model that will allow young people to look forward to a future.

Do we expect that agri-business input suppliers will choose to lower their prices so that farm costs can be kept to a reasonable level? No. They'll charge whatever the market will bear. That's the way they operate.

Do we suppose that oilseed processors or beef packing plants will choose to give the farmer a little better price for their product? No. They'll pay as little as possible to get what they need. That's their business model.

Do we possibly think that the transportation industry for agricultural products will take a little less for their services so the farmer doesn't have to pay so much? No. Their business model says "Get as much as you can for your shareholders".

Do we expect that the food wholesale and retail industry will ever provide parity from their profit margin back to the farmer? No. Their business model says "Buy for as little as possible and sell for as much as possible".

So where among all that can there be any optimism about the future of farming, where our only business model is to buy at retail prices and sell our production at wholesale prices?

Years of pressure to deregulate, ostensibly to foster competition and maintain low consumer prices, has led to our current situation. Today, in the era of corporate consolidation and takeover, there is less competition. Although Canadian consumers spend less of their household income on food than any other consumers in the world, are they getting the benefit of low farm-gate prices?

The responsibility for maintaining low consumer prices seems to fall on the back of the original producer, the farmer, all by himself. It shouldn't, but it does.

The only economic factor that farmers can rely on is cooperative effort. If farmers are forced to stand alone, as individuals, against those who make the rules and set the prices, farmers will continue to lose. It is inevitable.

•(0810)

The history of western Canada shows us that farmers lose when they stand alone. Our grandparents created the Canadian Wheat Board so that farmers did not have to stand alone.

If we are to promote the idea of a viable future for our young people and there is to be a future for the family farm, then we need institutions that will serve the farmers' best interests, in the same way that a corporation is obligated to serve its shareholders' interests. The Canadian Wheat Board is an institution whose sole purpose is to serve the farmers' best interests. The Canadian International Grains Institute and the Canadian Grain Commission are also instrumental in promoting Canadian agricultural products around the world for the benefit of farmers.

These institutional safeguards are constantly under political pressure. Private enterprise, looking for ways to maximize shareholder returns, wants them out of the way and lobbies our federal government continually to weaken them. If young farmers are to have a future, we need to be strong and vocal in our support of these institutions. If we are silent, our political representatives will be unduly influenced by those who would benefit from the demise of these safeguards.

If our ancestors had not created the Canadian Wheat Board, and if it had not been strengthened with a farmer-controlled board of directors, then the international and domestic marketing of Canadian wheat, durum, and barley for human consumption would be controlled by private agri-businesses. Would we then expect that, without the board, these companies would pay the farmer whatever they sell the grain for and take a little overhead fee? No, I think you might agree that they would pay the farmer as little as possible and sell it for as much as possible.

Most of you probably know how the Wheat Board works, but just in case there is any misunderstanding, let me take a moment.

At the time of delivery, the board pays the farmer a portion of the projected selling price; then it takes the farmer's grain into the marketplace and sells it for the best price it can get at that time. After the year's business has been completed and all the sales have been made, the board pays the farmer the balance of the pooled selling price for that product and grade over the course of the whole year.

In 2009, the charge for doing all that plus the board's invaluable market development and promotion of Canadian grains cost the farmer nine cents per bushel. Can you imagine any of those aforementioned agri-businesses doing that? Neither can I.

In conclusion, I want to make the point that the future of the family farm and of the young farmers who will raise the next generation of farmers has to include farmers standing together, with market control. If we lose the wheat board and have to stand alone in the marketplace, then farming as we know it will begin to die with the passing of my generation.

One view of the future has family farms being replaced by huge, monolithic farming corporations run by MBAs and accountants whose feel for the land is non-existent. Farm labour will be hired for minimum wage, nobody will care about the environment, and rural communities will fade away. You don't have to look very far to see some of this happening already.

The message I would like this committee to take back to Ottawa is to stop the political worship at the altar of free trade and open markets and to look at the reality. An honest look at the end result of this strategy shows that farmers have not benefited. It would also be fair to ask whether consumers have benefited. Our impression is that the only people to have benefited are those who sit in the middle between farmers and consumers, and of course those whose living is so enriched by providing farm inputs.

I hope you can take the time to review the package we've distributed to you containing some additional material that we couldn't fit into our short time. The National Farmers Union has put together a very interesting look at how farmers and consumers have fared as a result of 19 years of free trade and open markets. There will be an updated version of this brochure available this summer.

In conclusion, the young farmers of the future need a chance to survive. They need all the help they can get from family, neighbours, friends, and the institutions that have been created to serve them. Let's keep the young farmers we have and give them reason for optimism.

• (0815)

The Chair: Thank you very much.

We'll now go to Mrs. Staniforth for seven minutes, please.

Mrs. Margo Staniforth (As an Individual): Hi. I'm Margo Staniforth. I'm here as a farm operator-owner and as a farm wife. We have a son who is 27 years old who is looking to come back to the farm.

I have put together a bunch of notes that I will read off to you so that I make my point, and I'll try to keep it brief.

I feel that to isolate this issue is nearly impossible without first having a clear picture of the total business environment that this industry is dealing with. Currently the percentage of farmers who are not encouraging youth to return to the farm is in the area of 70% to 75%. The average rate of return of youth to the farm is about 8%. This means that wherever 100 family farms manage the land and produce the grain or livestock, soon they will be replaced with only eight farms. With the current government concept, farms will just get bigger.

With these figures in mind, this is not only an unproven theory, but pretty much humanly impossible in most counties. This mentality will produce a large percentage of abandoned land. To maintain economic stability and development, land must be used for the purpose it was intended for. It is being reported that in light of the dry spring and the lack of feed, there are people abandoning their farms in northern Alberta right now. They have given up their farms, their livelihood, their investment in their farm operation and have simply walked away.

The average farm debt is seven times every net earned dollar on the farm. Approximately 2.4% of the Canadian population carries the same debt load as the other 97.6%. The reality that farm owners are willing to walk away and stick the bank with the land in bankruptcy should be a concern enough for government to work harder to improve the financial well-being of the farm producer population in Canada. If farmers all simply walked off their land right now in Canada, the big five banks would be finished in less than two weeks, and Canada would be financially ruined.

We have a doubled-ended problem here. Young farmers who want to obtain land to get into agriculture need to be balanced with those who are trying to exit from the industry. Retiring farmers have viewed their investment in their land as their retirement savings plan. However, most landowners I've spoken to tell me that no one in their community can afford to buy them out. It would make sense to offer zero-interest programs to young farmers or expanding farm producers as an incentive to buy out the retirees.

With land becoming more available through an aging farm population, there also need to be programs available to smaller farmers wanting the opportunity of expansion. As an example, if a 500-acre guy were to try to expand to 1,000 or 1,500 acres, it's quite likely that the banks would not back him up for higher input costs or more equipment, because he has had limited income in his financial track record. If a larger, more established farmer of, say, 5,000 acres decided to increase by the same 1,000 or 1,500 acres, chances are greater that the banks would work with him because of his higher income track record and greater asset base.

When the kids come back to the farm, you need increased revenue to support another household until the total financial takeover is complete, and that equates to a need for more land or more cattle or more infrastructure to accommodate that extra income. Farmers don't just grow food; we also grow farmers. Starting out in agriculture is often a multi-year, if not a multi-decade, commitment.

Without a financial program for retiring farm producers to take out their investment in their land, you're basically creating a whole new class of poor. Land rents reflect grain prices. Grain prices are, again, at a low. This leaves little option of moving off the home quarter to town, because it's cost-prohibitive. Combine that with the fact that many farm producers have not contributed maximum amounts to their retirement pension plans and you have a lot of older people who are forced to stay on the farm. Healthwise, this may or may not be working for them. Years of very low income levels on the farm as a result of poor agriculture support in Canada will become a taxpayer nightmare. We currently have a substantial number of baby boomers leaving the workforce, no longer paying taxes, who will not be contributing to the tax base to cover this off.

About 15% of the rural population creates 80% of the wealth in Alberta. This is a combination of energy in oil and gas and of agriculture, but as I have said, you can't eat oil. Creating more opportunities will help attract young farmers back to the land. There needs to be a focus on industry development—the ethanol biofuel technology, possibly. This is another government oxymoron. Legislation has been passed to include 5% of ethanol in gasoline; however, the plants to produce it have been slow in materializing. The end result will benefit U.S. farm producers, with imported ethanol to meet Canadian ethanol requirements. How is this building our economy? How is this benefiting Canadian farmers?

● (0820)

Further, we need legislation demanding that the legislated percentage of ethanol in our fuel is Canadian content only. There has been much discussion on the food versus the fuel equation. Every single time I attend a meeting where this topic comes up, I do a quick survey to find out how many people in attendance did not drive their car, and I have yet to find a bicycle rider at that meeting.

The reality is, people will not give up their vehicles, they cannot stop eating, and we need to balance both. We need the plants to support farm producers with a local crop marketing option. We need community income to rebuild communities. We need this industry to help attract young people to the farm.

We need a processing industry in beef and other proteins as well. The larger processors are squeezing the margin out of beef producers and then going broke themselves. We need to focus on local processing to service the ever-increasing demand for local beef, chicken, and pork. One report that I read on locally raised and locally slaughtered beef indicated a substantial price difference between the local option and the commodity marketing of cattle. Locally sold and processed produced \$400 per head, while commodities produced \$50 a head that with a shortage of water and feed quickly translated into a bill coming from the auction mart instead of a cheque.

Globally we have achieved the highest quality of food production, yet that does not equate to higher prices for farm producers. We are still losing farm producers at an alarming rate because the focus is not on building the agriculture industry, it is on selling farmers out to big business.

The equation is totally counterproductive to enticing youth to return to the farms since they must start smaller and assume huge responsibility over an existing operation, only to know that the odds and support are already working against them. Small operations are more geared to seasonal ag tourism businesses, which means still they have to hold down full-time jobs at the same time. Larger commodity-based operations are often still requiring at least one full-time income derived off the farm to keep their heads above water. Either way, neither option is possible as a full-time career.

We need to balance more on commodities in the World Trade Organization. The EU and the U.S. both enjoy subsidies that are prohibited to Canadian farm producers and we've never had a level playing field.

At the same time, these entities are demanding that the Canadian Wheat Board be wiped off the face of Canada. Obvious lack of government support in this area is a deal breaker and not a

confidence builder. When we see a lack of proof that in Canada the CWB would benefit farmers and then take a look at the results of the deregulation of the Australian Wheat Board, which has resulted in substantial pricing loss to farmers, it creates a mistrust that the government is ever acting in our best interest.

Russia is now looking at starting their own wheat board fashioned after Canada's, to rebuild their lost agriculture industry that occurred largely due to government interference in the production of their food. The result was that they became net food importers. This is counterproductive to what the public is demanding in food sovereignty.

BSE had a huge negative impact on farm producers across Canada. Government has failed to take responsibility for the damages caused to farm producers. Farmers have had to launch a class action lawsuit and recently a petition demanding mediation to get issues resolved.

Bill C-474, fighting for farmer rights to have markets analyzed before big business and government dictate to us what we are allowed to grow and where we are allowed to sell it, and other bills legislated that take away our rights to our own land don't do much to attract youth to this industry.

We have lost our rights to our seeds. There is only corporately controlled research now. The Canadian Grain Commission is being broken down piece by piece. The CWB is under attack. We're currently losing our water rights in Alberta. We've lost our property rights to legislation over a fight with AltaLink. There is a new leaked document out there that says we are about to lose more rights to huge multinationals and that if we don't comply with their intellectual property rights they have the right to retaliate and freeze our bank accounts and prohibit us from doing business on our own land.

The WCB occupational health and safety now wants to control our every move in regard to staffing, to get their piece of our farms.

The margins at the store are getting exponentially larger. The margins on the farms are getting exponentially smaller.

So my question to the committee is, does this sound like a business you would want your kid entering?

Many contributing factors have led to the decline in agriculture in Canada, much of it due to government policy being overall ineffective. The results speak for themselves.

●(0825)

It should be a requirement that all government ministers, either provincial or federal, have a history of success in the portfolio they are assigned. In the private sector, it would not be done any other way. It has taken legislation to get agriculture into this mess, and it will take legislation to get agriculture out of this mess. We will not see youth attracted to the farms until that occurs. The successes in farming are substantial, tangible, and long term, and if they can compete with the successes available in other industries we may see more youth coming back to the farm.

There needs to be a complete switch in government mentality with regard to agriculture. Instead of focusing on ridding Canada of all family farms, there needs to be a focus on building them up. There needs to be a solid recognition of the contribution that agriculture makes to our overall economy, to rebuilding suffering rural communities, to fulfilling the demands for local food by your urban voters, the huge financial contribution to export markets, and the substantial economic ripple effect of food-related industry. Our family farms do feed the world, our family farms do support the Canadian economy, and we need a lot of changes to occur before the kids are going to be willing to come back to our farms.

The Chair: Thank you very much.

I'll now move to Wyatt Hanson.

Wyatt, you're an atypical example, I guess, of the people we're trying to encourage to come to agriculture, so thanks for being here. I understand you're only 17, so I give you a lot of credit for coming here and doing this. Thank you.

Mr. Wyatt Hanson (Farmer, As an Individual): Thank you.

Hello. I'm Wyatt Hanson. I'm going to tell you guys a little bit about myself. I have lived on a ranch my entire life. We have operated an award-winning purebred ranch, and sold our genetics over four continents. In 2001 we decided to sell our purebred operation. We got right back into the commercial business in the hope of a larger profit margin with less labour. Within a year, BSE hit, and we were right back to the drawing board to change our philosophy.

At that time we started managing a herd for a businessman out of Texas. We were going 24/7 just to make ends meet. In 2008 we sold 500 of our commercial herd. When this decision arose, my parents asked my brother, sister, and me the question, do you want to continue on with cattle? At this time we were having labour issues. My parents were working 18-hour days and we were working 30-hour weeks with school. This led us to the conclusion that we love the cattle and we love the lifestyle, but we cannot find a paycheque at the end of the day. So my parents decided to try custom grazing, and this is where we are today.

I am interested in going to university to study international business at the end of next year. I have been in 4-H for seven years and have had all of the beef projects. I have been involved with junior cattle shows, and currently I am on the Alberta Junior Hereford Club board and in the Airdrie and District Agricultural Society. I enjoy the farm, but I do not enjoy the stress and the physical abuse we take to enjoy it. I believe we should run farms purely as businesses.

I am unaware of any other business that relies on government handouts, besides fishing, to make a living. If you were to buy a trucking company or a retail store, your investment should show a return in six to twelve months, and should pay for itself in three to five years. If you were to go out and buy a ranch to run 300 to 500 cows, you would need 3,000 to 5,000 acres, and that would cost you \$3 million to \$8 million, depending on the location and the quality of your land. You would also need about \$1 million for equipment and \$500,000 for cattle inventory. The expenses for the year would run you between \$300,000 and \$500,000, and you would need \$100,000 for the owner's family wage.

I would like you to refer to the handout for the stuff I just talked about. It's on the last page. If there are any questions, I'll answer them at the end.

Today we are selling our calves for \$660, which is 79% less than what is needed to run a business. Some say that this is greedy, but if we want to compete for input products like fuel, machinery, fertilizers, and pharmaceuticals, we need to work under the same rule of business as any other company.

So how are we holding on? Number one, a high percentage of the land was paid for before 1970. Number two, we have older farming communities. Number three, farmers don't pay themselves or the family help. Number four, younger farmers borrow against the paid lands, and they use this money to pay for operation expenses. Number five, 80% of the family farm's income comes from off-farm jobs. Number six, the fact that our machinery is getting older means that one day higher debts will occur upon replacement or repair. Number seven, the quality of our inputs is decreasing, so that means the quality of our outputs will suffer.

Our ranch sold our commercial cattle to a businessman with a junior oil company and an airplane hangar construction business. He bought a good ranch, put machinery and the cattle on it, and was bankrupt within 18 months. We would find that to be the same result for most businesses that tried to play in the world of agriculture, because the agriculture business can suck money out 80% faster than it can be put in when starting from zero.

From the previous assessment, it makes me ask myself some questions about my future. Number one, why would I enter into a business where there's little to no room for me to advance my business? Number two, if I were going to enter into the business of agriculture, to be fair to my parents I should have to buy them out so that they can retire, and so my brother and sister can live out their dreams with their share.

Even if I were gifted my share, I could not afford to get enough capital together to sustain a farm big enough for me to make a living. If I have to get a job to afford the farm, I might as well just get a job.

●(0830)

Make no mistake, I love our farm and I love our history. I enjoy breeding the best cattle we can and I enjoy feeding, calving, weaning, and marketing. But I do not enjoy the frustration of having a superior product that is worth less than it costs to raise it.

I am also frustrated that the priority of our society is on material wants more than the value of our food. I understand that shopping makes our economy strong and assists us in our global trading position. This appears to be heading, perhaps, to a critical situation. Agriculture contributed about \$80 billion of Canada's gross domestic product in 2002. Without the family farm, rural Canada will become a ghost town.

I do not believe that the problem with agriculture is a national problem; I believe this is a global problem. We are not alone. Farms all over the world are going broke. My greatest concern is that family farms are in danger of becoming extinct. Within 20 years, the Cargills and Tysons of the world will own the agriculture industry. This massive correction will explode the price of the agriculture products to even a point beyond where it should be today, because these companies are only operating at a profit.

Until agriculture can control either our expenses or our pricing, or both, I can't see a future in agriculture for me.

Are there any questions on the green sheets?

●(0835)

The Chair: Actually, on that, it's the rules of the committee that they have to be translated in both languages. That is going to be done, and we'll have it. I'm sure there will be lots of questions.

By the way, your presentation was excellent. Some of the comments you made certainly reminded me of my three sons, none of whom are farming or going into agriculture. I'm sure you're going to have some good questions coming to you. Well done.

Mr. Butler, it's your turn.

Mr. Gordon Butler (As an Individual): I'd like to thank you for the opportunity to speak to you. I didn't have a written submission because I found out about this from Kevin Sorenson on Thursday of last week, so it's fairly short notice.

What I'm going to do is talk to you about the history of my ranch and why my children aren't coming back to it.

We started in southeastern Alberta in what was called the dust bowl of the 1930s. My parents came out in 1951. Today we ranch 41 homesteads.

Ranching only survived through the decades because it was on large tracts of marginal land. It was either too hilly, too wet, too dry, too many trees, or too rocky for any other type of agriculture. So we have vast tracts of land. There are some ranches in my area with over 100 sections. It takes 100 acres to run one cow. Where I ranch, it's pretty lush. We're down to 40 acres to a cow.

Over the years, with a ten-year cow cycle, if you kept your operating costs down, you made a decent living. You didn't get rich at it, but you had a good living and a good life, with common-sense regulations. About ten years ago, the floodgates for those regulations

opened up and it hasn't slowed down since. It was not BSE. It was not the reason for the regulations; it was the excuse. If you go back to the sixties, my father fought Mr. Whelan, the agriculture minister at that time, to try to put in a marketing board for cattle. Then on-farm food safety came in, and it's just been one after the other—regulations, regulations, regulations. Every one of these regulations costs us money.

Right now, it's about \$100 per calf lost every year on our operating costs, to what we can sell for. That's average. Some places are higher than that, some places are lower than that because of how your operational costs are. Extra regulations right now, according to the industry, is over \$80 a head, over and above our competitors. So if those regulations were even brought down to what our competitors were—the United States—we would come close to breaking even. We wouldn't be making any money, but breaking even.

The regulations have just about brought this industry to its knees, and it will kill it. There is more coming out all the time. The Canadian Food Inspection Agency, in my opinion, is a runaway with itself, with regulations. They've come out now with what they call a bio-security plan. The first point is to control visitor access to your animals. Will you tell me, on a ranch that's 100 sections, how I am supposed to control access when the provincial government mandates me to allow hunting on there? Number two is prevent contact between production animals and wildlife. Again, would you tell me how I'm supposed to prevent wild animals from being in contact with my animals?

The Canadian Food Inspection Agency is a runaway. I'm going to put it back on your shoulders. You are the ones we elected to keep things like that under control. You're the ones letting go.

The second part is the lack of property rights. In this country we don't have the right to own, we have the right to enjoy. That's all we have. You look in the Constitution and that's what it is. I've been on three different boards on property rights in this country over the last 13 years, both federally and provincially. The Species at Risk Act came into force in 2006, I believe, in June. Because of these vast tracts of land that have not been farmed or have gone back to native grass, guess what attracts them? We get all kinds of endangered species. Of the list in my area of 14, at times I've had at least 12 of them on there. I figure I'm pretty lucky. There are two that I don't have at one point in time. That act, if you get into it, is very intrusive on property rights. They can come in, and Mr. Pearce, who's the head of the compensation part of that act, felt—and I had a personal meeting with him in Calgary—that it was our duty because we're on the land to protect these species for the rest of Canadians, with no compensation. If it got down to impacting us at least 50% of our production value, we might get some compensation.

● (0840)

On the Navigable Waters Protection Act, in Alberta we have a lot of navigable water. I see ships going up and down here all the time. But it affects every part of this land in Alberta, and any stream you can float a vessel down at any given time of the year—in other words, in flood conditions. And a vessel has been relegated right down to a rubber dingy.

I have a creek at my place that runs from nowhere to nowhere. Once in a while there's a few fish in there. With stock ponds, the ducks and geese will go in, scoop up some mud, and deposit eggs. They hatch but they don't live long. The Department of Fisheries and Oceans controls that creek, so if I want to put a bridge across it or do any development, I have to go to them to get permission. That's not a pleasant deal.

Between the federal government and the provincial government in this country, they've relegated people on the land back to being serfs in a feudal system. If you look up the definition of a serf—and this is a World Book definition—it says that as a peasant in a feudal system was midway between a free man and a slave, “serfs were generally bound to the soil...and required to provide certain payments and services to their lord”. To me, we're serfs.

Property rights are fundamental for us. I make plans on my grass and water for ten years out. I have to in that dry country, because if I don't I'm in trouble. So to me and the ranching community that makes their living off marginal land, property rights are fundamental, and I think they should be fundamental for every Canadian. Part of a free and democratic society is the right to own and benefit from that property. We don't have that in Canada. You guys can deregulate and put property rights in. I'm not looking for subsidies; I'm not looking for anything. I'm looking for less government to help our industry.

My daughter came back to me a year and a half ago, after her marriage broke down. She has a daughter who has a learning problem. She said, “Dad, I want to come back to ranch”. Good, I said, because if I raised a rancher it was her. Two weeks ago she came to me and said she didn't want it. It's strictly because of the regulations and the lack of security. It's not because of money. I'm very fortunate that I don't owe a dime to anybody. We're working on a way to transfer the place to her without costing her, and we'd have a retirement. But because of regulations and no property rights, she said “No thank you. I'll go do something else.”

Thank you.

The Chair: All I'll say is amen to smaller government.

Mr. Gordon Butler: You're the power to do it.

The Chair: I hear you.

We'll go to questions. I remind members to try to keep the questions direct.

First is Mark Eyking, from the Liberal Party, for seven minutes.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Chair.

I thank all the guests for coming here today.

Mr. Hanson, that was a great presentation. I was a 4-H member, and one thing it helps you with is not only agriculture practice but public speaking. I can see that you were paying attention to your 4-H leaders. Good job.

Mrs. Staniforth, you mentioned generational transfers. That's been brought up quite a bit in the last few meetings. In Europe, some countries have a perpetual mortgage, they call it, and the government has a bit of a stake in the financing of a farm. I'm just going to use a hypothetical situation. Let's say that your farm is worth \$800,000. You're 60 to 65 years old already. You're ready to retire. You're ready to be moving on, but you still owe a couple of hundred thousand. You're still making payments. A young farmer, particularly if it is one of your children, would come in. So much money would go to you automatically, and so much would be left that the government would still have owing there. You would have a situation where that young person is not all of a sudden burdened with so much debt. It would be easier for them to pay it off, and you would also have your own nest egg.

Should we have something different in the way it's set up? Maybe it wouldn't be just interest forgiveness for the first couple of years for young farmers. Maybe there would be some sort of mechanism whereby more people would have a stake in that farm than just the individual or that young couple that is striving to make a go of it. That's my first question: Should we be looking at different setups?

My second question goes to Mr. Stokes. We heard from the orchard growers yesterday—and I think we're going to hear a lot of it as we go through this—that the suppliers and retailers are taking a big chunk out of this, mostly because they're getting bigger and bigger. Do you think government should get more involved in keeping a check on that? Should there be more regulations? Should the Competition Bureau—our committee just studied fertilizer companies—be more of a watchdog over how they're gouging the farmers on that end?

My third question would be to you, Mr. Butler. You mentioned very clearly that if the regulations were gone or diminished greatly, you would feel that you'd be able to compete with the Americans on beef. My understanding is that in the U.S., they have their own wildlife act and a waterways act. They have many of the acts and regulations we have here. When we talk to a lot of beef farmers across this country, the number one big problem they see with the Americans is the Farm Bill, which gives an almost \$1 per bushel subsidy. My question to you is whether you think your daughter would get in if these regulations went down. Or do you think it would be more helpful if, for instance, that food bill weren't there in the United States?

I know that these are three loaded questions. I think if you go first, and we just keep it tight, we can go from there.

● (0845)

Mrs. Margo Staniforth: I'm not really sure what the answer is. I'm not sure what's going on over in Europe. But a number of years ago there was a situation called the land bank that I did bring up in a meeting with Alex Atamanenko in Ottawa.

Briefly, just to throw it on the table, I don't think the answer is that the government have more hold or long-term hold on our personal property. I don't think we're looking for more government control. We're looking for fairer prices in the marketplace, which have been absent consistently for years and years. That's the problem. If we were actually running our businesses at a profit like normal businesses do....

I've run five businesses. I've owned two. When I married my husband and got into farming, the first instinct I had was to run, because my God, I had no idea that there was so much government control. I don't think that's the solution. I don't think that's the direction we need to be going. We need to really assess why it is that family farms cannot get paid for the high-quality product we have been producing. We've had this pushed on us and pushed on us that high quality, plus efficiency.... We've adopted all the efficiencies known to mankind and God. We have the highest quality. It's world-recognized. We still can't get paid.

The problem is that there needs to be more analysis as to where that dollar is going. We started having a review in the beef industry a number of years ago. I don't know where it went. It fizzled and died.

I think there is more government accountability to big business—the Cargills and Monsantos of the world—than there is to the farm producer. That is the equation that needs to change, and that's going to take the global mentality changing.

We're hearing that the cheap food policy in Mexico pushed half a million farmers off their land. Costa Rican farmers are suffering. American farms are suffering. Canadian farms are suffering. We are the people who are feeding you. We can't stay in business. We're over-regulated to death. It's like the government has us in a box and is sitting on the lid. It doesn't matter what we do, we can't get out of it.

I don't think farm producers are going to say, yeah, bring the government on and get them involved in a 40-year equation on my farm. Personally, that's not for me.

• (0850)

The Chair: Thank you.

Mr. Stokes, there's about a minute left.

Mr. Darrell Stokes: Your question was what government should do about what we think of as price gouging.

I don't really see it that way. I think that farmers need to have market control, and we have some now with the institutions that are in place. The market control we would like to have, of course, would be to say that you need to sell this loaf of bread for \$2 and give us 50¢ of it. That's not going to happen, obviously, with the kind of marketplace we live in. We have to be careful that the institutions that protect us and give us the best chance at this marketplace are left intact.

I don't see regulation as being an issue here, at least in the part of the industry that I'm talking about. I refer to the time a couple of years ago when the price of wheat went to \$8, \$9, or \$10 and the price of bread in the store went up 20¢ a loaf or something like that. The farmers were basically blamed by the consumer advocates, saying that because the farmers are getting more for their wheat, now

you have to pay more for your bread. That was absolute nonsense, and nobody I'm aware of ever took issue with the people who were saying that the farmers were now gouging another 20¢ for a loaf of bread because they're getting paid. Considering that the value of the wheat in the loaf of bread is so minor that....

In the context in which farmers are seen in the supermarkets of the country, we play a very small role. It would be great if we were able to educate our consumers with the idea that if they paid a little more for a loaf of bread and that increase in the value of the loaf of bread went directly to the farmer, then we'd really have something. But it wouldn't happen, because if the price of bread went up, everybody in that whole chain would take their percentage, and the farmer would end up with very little more than we get now.

I don't think we're looking at regulation. What we want to accomplish is to keep the institutions that are actually working on our behalf and giving us at least some modicum of control in the marketplace.

The Chair: Thank you.

Mr. Bellavance, you have seven minutes.

Hon. Mark Eyking: Just for the witness, he might be able to add it later, I guess. I know there's not enough time, but he'll be able to talk about it later, will he, time permitting?

The Chair: Okay.

Mr. Bellavance, you have seven minutes.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you. Good, I am the only one not wearing an earpiece. Usually, it is the reverse.

Mr. Hanson, I appreciate your testimony. I have been on the Standing Committee on Agriculture and Agri-Food for five years, and I have the feeling you are the youngest witness we have ever heard from. That is the case for me, anyways. Perhaps someone like Mr. Eyking, who was here before me, can think of other presentations, but yours was very interesting and, at the same time, it echoed somewhat what we have already heard. We did not start meeting with young people yesterday. The committee began its study yesterday out west, but we have been meeting with the next generation of farmers, young farmers, for years now. And what you said is very much in line with what we have been hearing for several years, namely, that it is nearly impossible to take over a farm. This is less of an issue among farmers who practice supply management, but apart from that, the same problem always comes up. The land is very expensive. If parents want to get a price that reflects the value and they wish to pass the farm on to a son or daughter, obviously that son or daughter cannot afford to buy it. If the parents sell the farm at a lower price, their retirement fund goes out the window. So this is a problem that young farmers have to face.

You said that taking over the family farm nowadays is not necessarily a good idea. A few years back, the Bloc Québécois held a symposium on the next generation of farmers in Quebec, and it gave rise to some possible solutions, some recommendations. Obviously, we are still discussing it today, so we did not find a solution. There is not just one solution, but several. We are happy to hear your suggestions.

I want to share with you a few of the recommendations that came out of the symposium, to see whether we cannot continue to urge the government to move forward on them. For example, today we can use our RRSPs, or registered retirement savings plans, in conjunction with the home buyers' plan, or the HBP, to buy a home. Young farmers suggested the possibility of using the HBP to buy a farm property, not just a home. They also suggested being able to use it to become co-owner of the farm. That would mean that a young person—of course, it would be hard at 17, but after a few years of investing in RRSPs—could use his investments to become co-owner of the farm with his parents through the HBP. And for the parents, it would represent a type of retirement savings plan, but for farmers specifically, so a tax-sheltered retirement fund that would accumulate over the years. As with a pension fund, the government could also contribute to this type of savings plan, as it does for the education savings plan. That way, if the fund were used to help the next generation of farmers, older farmers could keep some money for their retirement. That is one tax measure that would be relatively easy to adopt, that would not cost the government that much and that might give young people the leg-up they need to follow in their parents' footsteps.

● (0855)

[English]

Mr. Wyatt Hanson: I like the idea of having the RRSP; however, even if my parents did the co-ownership, as you suggested, I don't think there would be enough money at the end of the day for me to make a living from the farm, as I said in my statement. So it would help me get the land and help my parents retire, but I wouldn't be able to do anything with the land. The land would sit there empty, and I would then have a whole bunch of land to sell when I get older. It would help my parents retire and would help me get the land, but I wouldn't make a living from the farm, and then I would have a job off-farm to make a living.

Does that answer your question?

[Translation]

Mr. André Bellavance: That partly answers my question, but I would like you to explain, not just in your case—I am sure that you attend 4-H club meetings with other young farmers—what your message is. You said that you would have a hard time taking over the farm, that you did not think you would be able to do it. What is your message to the government in terms of—it is hard to say solving the problem—but at least in terms of giving young farmers the leg-up they need? What do you want the government to do so that you or other young farmers could take over the family farm?

[English]

Mr. Wyatt Hanson: Perhaps the federal government would be interested in putting in a plan that allowed the producer to get paid directly from the product that is sold in the retail store. So perhaps

that would be a taxation similar to the recycling fee we pay so that all the bottles go back and people are returning them. Perhaps we could use our identification system, CCIA, to make sure the funds are going back to the farmers. That might alleviate some pressure quickly.

But I think the long-term solution is pretty far off. We need to be able to make about \$8 a pound in order for the farmer to break even and make 10% on his investment. Right now we're making about \$1.10 a pound.

The immediate problem could maybe be fixed by the taxation, but I think it needs to be completely redone. And I'm not sure how that's to be done, but you guys are the ones we elected, so hopefully you can find a solution to that.

● (0900)

The Chair: Mr. Atamanenko, seven minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you.

Thanks to all of you for coming here. I know some of you have travelled long distances and made an effort, and I really appreciate that.

I would just like clarification, Margo. I wasn't sure what you meant when you talked about my Bill C-474 and whether you were supportive of it or not in your comments.

Mrs. Margo Staniforth: I'm absolutely supportive of it.

The problem I'm having is that every time we try to make some progress in agriculture we have to fight like hell for it. As with Bill C-474, we have to fight, fight, fight to do something so simple as what I did in my raspberry patch to have a second income on the farm. Before I even decided to plant I did a market survey to find out what was out there. This is just common business practice. And then you put your Bill C-474 out there and you are opposed, and opposed, and opposed on it. This is common business sense. We're supposed to be running our farms like businesses, and this is a common business move. And where is the mentality in the government to oppose that? It doesn't make any sense to me whatsoever.

We know people are having a very hard time globally with genetically modified products; they're rejecting it. Would it not make sense to do a business analysis before we automatically start growing it?

I know that in the case of canola it's very difficult to find non-genetically-modified canola seeds, because as they keep introducing their variety from Monsanto they're deregulating the stuff that they're not going to get paid on. And the world is saying we don't want genetically modified food; we don't know what the long-term implication of it is. So your bill made total sense. Why was it so adamantly opposed? It's annoying.

Mr. Alex Atamanenko: I just wasn't sure if you were—

Mrs. Margo Staniforth: No. And I was nervous reading this out, so I'm...

And with the BSE, we have to fight, fight, fight. There is a class action lawsuit that's happening. It's been seven years since that class action lawsuit was launched. Nothing is going on with it, and now we're launching a Canada-wide petition to wake the government up by saying now we have to push you to mediation because everyone is ignoring us.

Mr. Alex Atamanenko: Thanks, Margo.

I'm just going to move on to Doug, Darrell, and Ken.

Throughout our swing we're going to see people who would like to maintain the Wheat Board. We're going to see those who would like us to modify it. Rather than getting into a large political debate, which we often have, on the ground to you folks, to farmers, in your opinion what would be the difference between the way things are done today with the Wheat Board as a single desk and if there was not a single desk? So just practically speaking, how would that affect you and your operations? That's what we would like to hear.

Mr. Doug Scott: I'll address the other question.

In regard to the Canadian Wheat Board, what we have developed as Canadian farmers is basically an IP market for quality milling wheat and also malt barley, throughout the world. We have repeat customers. India, China, Japan, and England all depend upon our IP market for wheat. The collective marketing of our wheat and barley, primarily our wheat and the malt barley, has given us an IP market that returns a premium to farmers. If we were to get rid of the Wheat Board then that market would be lost.

Now, under the Canadian Wheat Board, when I go to the elevator and I open the hopper in my trailer and dump my 35 tonnes of grain, I own that grain until it hits the cargo of the ship and it's paid for. Without the Wheat Board and in the American system, when you open the chute on your trailer and let the grain go, you've lost control of it right then. It's no longer your grain; it belongs to the multinational or the line company that's bought that grain. You basically have no control of it from there on in. The U.S. is so different from us. Over a thousand different varieties of wheat are grown in the United States. It's absolutely impossible for them to do any type of IP segregation of grains.

Essentially, if we were to get rid of the Wheat Board today, we wouldn't even know which way our transportation system would work. Would grain continue to be exported through the gulf? Would it continue to be exported through Vancouver or Churchill? Perhaps it would just head down the Mississippi on a barge and go out through New Orleans.

● (0905)

Mr. Alex Atamanenko: But others say if we didn't have this constraint, we could get a better price, because look at the prices that are there and look at the prices that are here. How do you—

Mr. Doug Scott: Well, you have to understand that the exchanges in the U.S. are prices for U.S. wheat. By and large, the Americans don't want our wheat. They would like our IP market and that type of wheat. There's a price that's given on the Minneapolis or Chicago or

Kansas City exchanges. That's a price for American wheat in America.

You've got to understand that in Canada, in the prairie regions, between here and the port of Vancouver is a mountain range that rises to 10,000 feet. All of the grain that we export has to be moved over that mountain range going to the west. To the east it's somewhat easier. Now, if the Wheat Board's gone and the multinationals pick up all of our supply of grain, why would they want to haul it over the top of the mountain and send it out in a ship, when they can take it down to Chicago and put it on a barge much cheaper?

So, really, the American price of wheat is for American wheat. It's not for Canadian wheat, and it's not really a true reflection of the price of wheat.

Mr. Alex Atamanenko: Are there any other comments?

Mr. Doug Scott: I'm actually really concerned about the current direction of our federal minister in regard to what he thinks he's doing with the Canadian Wheat Board.

Mr. Alex Atamanenko: Ken wanted to say something as well.

Mr. Ken Larsen (As an Individual): If I may, Mr. Chairman, thank you.

The point Doug made very well, I think, is that we market our grain on the international market, not the North American market. Seventy percent of our grain goes overseas, and without the Wheat Board we simply cannot access those markets as individual farmers. The folks who market U.S. grain, of course, are margin traders, so they don't really add much value to it. We add value to ours.

Doug mentioned IP, "identify preserved". This is a reputation we've had for 60 years because of the Canada Grain Commission and the Canadian Wheat Board. This is not something the private companies in the States want to be bothered with. So our niche market on the global grain market scale has been high-quality, identity preserved milling wheats and barleys. Without the board, we don't have that.

The other part about the board that's really critical is transportation. Doug mentioned we have to move grain over several mountain ranges. Roughly 350 railcars a year go out with Wheat Board grain, and the Wheat Board bargains with the railways on our behalf on freight rates, handling charges, and logistical questions as well. Without the Wheat Board, we have no agents acting on behalf of farmers in our interest.

And we mustn't cry too much for the railway companies. I just heard this morning that CN Rail has made an increase of 21% profits this year, and I suspect half of that's on grain. So you can imagine what their profit levels would be without the Wheat Board bargaining on our behalf.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Larsen. And we did read that this morning, or at least I did.

Mr. Richards, seven minutes.

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

Thank you all for being here today.

We were pretty well versed on the policy positions of the National Farmers Union this morning, not that there weren't some good points among the points you made.

Mr. Stokes, I believe it was you who talked about consumer education, and obviously the fact that people in the city.... We're here in farming country right now, but not too far away is the city of Calgary, and if you asked many of the people on the street there where they got their food, well, it's from the grocery store. They have no idea what the farmer goes through. And there's a big gap between what the farmer makes and what they pay at the grocery store. So it certainly was a good point.

Ms. Staniforth, talking about over-regulation is something I hear quite often as one of the big problems we have.

I was a little disappointed that we didn't have a few more folks here as individuals today. I was probably even more disappointed that the group here chose to use this as a platform to promote the Wheat Board monopoly. I know many farmers in Alberta want to have that choice. Certainly there's nothing wrong with your stating your position and wanting to be able to use the Wheat Board; that's certainly perfectly legitimate. But for someone to argue that it would take the same rights away from their neighbours to choose what they would like to do for marketing is very unfortunate.

Also, I want to thank Mr. Butler for being here. He certainly brought up some of the issues I hear quite commonly when I talk to the farmers throughout my riding, things like property rights. Of course that extends to the gun registry and what that restriction does to our law-abiding gun owners, our farmers who need that tool for their work.

Navigable waters is something I hear quite often. Some issues you've dealt with I hear quite often from farmers here in Alberta. As you stated, it seems to make no sense at all that we have that issue here in Alberta. Obviously you discussed regulations again and the fact that this in particular has driven your daughter away from wanting to be part of the family farm. Certainly over-regulation is the thing I hear most often, and CFIA is certainly top of the list when it comes to that.

I'd like to focus my questions on Wyatt Hanson, who has come here today as someone who has an interest in becoming a young farmer and is really struggling with whether that's possible. Certainly that to me is the gist of what we're looking to discuss in this study on the future of farming, so I'd like to focus my questions on him.

Certainly if there is a future for the family farm, it's going to be because individuals like you, young people like you, are getting involved and staying involved in farming, someone who comes at it from the point of view of understanding that agriculture needs to be approached like a business, and we have to make it so someone like you can see that as a profitable business. I know we're not there right now; we're a long way from it, and we need to find a way to get to that point. Certainly I know your family and I know you and I know you'd be the third generation on the farm.

I'm just wondering if you can share with us a little bit as to how you might see things being different now as compared to when your grandpa started farming, when your dad got into farming, and now you're looking at farming. What differences do you see in the

industry and what suggestions might you have to make the changes that would allow you, as someone who wants to be a young farmer and who has the business sense to do it, to find a way to make it profitable? What can be done to make farming more attractive for you?

● (0910)

Mr. Wyatt Hanson: I didn't really get to see my grandfather as much as I would have liked to, but I know they had larger buying power than what we have today. What I proposed in my speech, buying power being \$8 a pound, would bring us back to the same buying power my grandparents had when my dad was younger, which was 1970.

I know they had a stronger buying power, and when they took their cattle to market they would make enough money to buy about 20 vehicles. Now, if we were to do the same, we could maybe make a down payment on one. So I've noticed we aren't making any money. That's the biggest issue.

I've also noticed that people are starting to tire. My dad talks about when he went into it there was enthusiasm and people were excited to do it. But now you talk to all the 4-H members and probably one is interested in farming. I think that's the biggest difference: perhaps the biggest problem is because there is no motivation for us to be farmers.

Mr. Blake Richards: You're a 4-H member, and obviously you're with a lot of other kids who you've grown up with who are involved with 4-H as well, obviously coming from the farm and at the point where you are now, where they're looking at their future and what they're going to do when they're finished with school. Among the group that you would talk to at 4-H, what's the percentage or how many are looking at actually staying on the farm when they have that opportunity to do so themselves? Is there much interest among any of your friends to be a part of the farm? What kind of discussion have you had with others in your 4-H?

● (0915)

Mr. Wyatt Hanson: There's really not that much. From 4-H, you maybe get 5% of the people who want to go back to the farm. What's more shocking is at junior cattle shows, people who are all from farms, there's probably 10%. Those are the best farmers who are there because they're showing their cattle, have the genetics, and only 10% or less want to go back to the family farm. That's pretty shocking.

Mr. Blake Richards: Thanks, Wyatt.

The Chair: Wyatt, on your comment about your dad and your grandpa being able to buy so many vehicles, of the buying power, it reminds me that I bought my first cattle in the fall of 1972, when I was 16, sold them in 1973, and made enough to buy a brand-new, top-of-the-line Ford pickup. I thought, wow, farming's for me. I haven't made that much money on cattle since. So it's a good example.

Just before we move on, Mr. Butler, you mentioned navigable waterways and what have you. I used to think it was just an issue in Ontario, but I found out through some groups from Saskatchewan and Alberta that it was happening right across the way. There were some changes made to the Navigable Waterways Protection Act. It was fought by the bureaucracy and it was fought by environmental groups. But basically they were intermittent water streams that only ran in the spring in ditches that had been created as either on-farm drainage or as municipal drains. They would only run water in the spring and fall of the year, but because at some time a small minnow or something would go up there or somebody could put a canoe in it for a week in the spring, they became navigable waterways. That has been changed. I'm not going to say that it's perfect, but at least there has been some change there.

We'd like to hear some more comments on that, because obviously a lot of it was that the problems were created by over-zealous Department of Fisheries and Oceans employees. I urge any of you, with those kinds of things, pass them on to your MPs. Change is always slow, but it's the only way that government ever can deal with them.

I'll move on. We are just coming down to the end of our time.

Frank, I'll ask you to keep it to one question and we'll do that. We just have a few minutes. One question. I'm sorry, but we have another group coming in at 9:30.

Mr. Francis Valeriote (Guelph, Lib.): I'll make a comment. You have to have a pretty hardened heart to be able to sit around this table and not feel the grief that's being expressed here and not feel compelled to either do something significant to help you or do nothing at all.

It's clear to me that the programs that we have right now are not working. Whether it's respect to the producer car-loading sites and the \$511 million that CN made the first quarter of this year, whether it's business risk management, whether it's the regulations you're talking about, Mr. Butler, about being over-regulated.... SRMs are a huge concern to me.

What is really confounding is that attention can be diverted away from all of those issues by simply bringing attention to this matter of the gun registry. I'm bothered by that, frankly. I think it's unfair and unnecessary to get into that kind of discussion.

I want to focus on you and your needs. I have ten questions here, and I get to ask one. I'm sorry that I can't ask the others.

Mr. Butler, you mentioned \$80 a head because of regulations. How much of that is related to SRMs? Is \$30.70 of that...?

Mr. Gordon Butler: That would be very close. I'm not in the packing house industry, but that's on the large packing houses. On the small provincial packing houses, because they don't handle as much, it becomes as high as \$70 a head—just the removal of the SRMs, because they don't have the volume.

• (0920)

Mr. Francis Valeriote: What was it that your father was trying to do with Eugene Whelan? You talked about a marketing board for beef.

Mr. Gordon Butler: Eugene Whelan tried to get it in, and they fought it.

I'll try to answer your question and the other question at the same time.

The ranching industry was built on the free market, and that's what it survives on. I'm not afraid of the U.S. food bill. If it were handled right, we could go and compete with them, no problem.

We have Canadian back bacon that outsells down there, as well as Canadian cheese and Canadian Club whisky. I have no fear of competing with them in an open market. Granted, it has to be handled in a different way from what it was.

I'll go back right to the start of the BSE. I'll have to do a little history there. I was invited by a group in 1999 to go to China to look at grazing and to improve their grazing in the upper highlands of Tibet. I couldn't help them, but I did make a lot of contacts there. I have been invited into the Chinese council several times for supper. Since then, BSE hit, and I saw an opportunity as a businessman: they have lots of people and we have cheap food. So we sat down and negotiated a tentative sale of 2,000 head of cattle to go to China in beef.

I couldn't get to square one because the Canadian Food Inspection Agency would not allow me to test for market access. I didn't ask them for money. I didn't ask them to test. All I wanted was permission: If I find somebody who wants to buy some cattle that are tested, can I have permission to sell them? I couldn't get to square one.

That's where our problem is. It's market access, but it's taking away the freedom of entrepreneurs in this country.

The Chair: Thank you. We'll leave it to a lawyer to get two questions in there.

Mr. Lemieux, we have two minutes left for the question and the answer.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thank you, Mr. Chair.

Thank you for being here today. I want to percolate it down into a question to maybe Mr. Butler and Mr. Hanson. I'll start with Mr. Butler.

You've been in the industry a long time. You had a daughter who was interested and then wasn't interested. Obviously one of the key considerations is that there is no money in this. There's lots of hard work, and it's hard to make a living at the end of the year on the net revenue. As I heard Mr. Hanson saying as well, you work hard and like the work, but the bottom line at the end of the year is that there's not very much money left over; so you say to yourself, "If I have to get a job, why don't I just get a job and leave it at that."

Between the two of you, it's difficult for the government, because you don't want more regulation and it's very hard to have the government saying this is the price per pound or this is the price per bushel, or whatever it happens to be. So what do you see as an argument?

Mr. Butler, what would be a key argument that you would use to your daughter? What change would you like to see that you think might persuade your daughter to say "Okay, I'm going to make a go of this", or Mr. Hanson to say "All right, I'm in now"?

Mr. Gordon Butler: That's a very simple request. When I found out about this, I went to her and asked her why she didn't want to come back. Her answer was regulation and the lack of property rights.

Yes, we aren't making money in the cattle industry right now, but I believe if there's less regulation and we could get back into a free market, the future is good, because people are going to keep eating. Whether they like it or not, they're going to keep eating. A lot of people probably eat too much, but I think the future of agriculture is good if we could lessen the regulations, lessen the control, and have security of our property.

The Chair: Thanks.

Mr. Hanson.

Mr. Wyatt Hanson: I would like to be able to advance the farm, and I would like to be able to allow my parents to have enough money to retire. So I would have to see a future in it before I'd jump in. Currently there isn't a future.

I had suggested earlier that there needs to be some way, when the consumer is buying it, that a percentage goes back to the producer. I'm thinking that a little bit of government regulation would be a good thing for that, and I think that would protect the base of the agriculture industry.

I know everyone after the farmer is making between 8% and 12%, and the farmer makes a loss. So he or she is not really making anything, then. Before I jump in, I need to at least know that I'm going to break even.

Does that answer your question?

● (0925)

Mr. Pierre Lemieux: Yes. Thank you.

The Chair: Thank you very much.

As always, there's never enough time. We always seem to have time restrictions. Again, I'd like to thank all of you for being here today and participating. I know that as producers, as I said earlier, how hard that is to do. We appreciate that.

At this point, I forgot to do it at the start, but we had help with some of the set-up here. A number of grade 11 students from the W. G. Murdock High School here in Crossfield helped with the set-up, and they're going to help with the tear-down, so we'd like to pass on our thanks for that.

I understand there's going to be a token of our appreciation that will go to their graduating dance. We're very happy to do that in appreciation for their help. I thought we should do that.

We're going to break for five minutes. Perhaps I could ask our presenters here to vacate so our next presenters can move in. We would appreciate that.

Thank you.

● (0925)

_____ (Pause) _____

● (0930)

The Chair: All members back to the table, please.

Again, to keep things moving and not to shortchange our presenters at the table, I'd certainly like to welcome all of you here and thank you for taking the time out to come before us.

With no further ado, we'll turn to Mr. Latimer.

If I could ask each one of you to try to keep your comments to five or seven minutes, it just leaves a little more time for questioning. I also don't want to take away from the fact that your presentations are very important too.

Anyway, Mr. Latimer, you're first.

Mr. Michael Latimer (As an Individual): Thank you, Larry.

I've met Larry and I've met Blake. For those of you who don't know me, I'll give you a bit of background about myself. I'm 35 years old, so I've been through university. I have a bachelor of arts degree in recreation and administration, which makes you wonder why I'm sitting around a table talking about agriculture. Anyway, currently I work as the assistant general manager of the Canadian Angus Association, with the largest beef breed in Canada. I'm also a partner in our family's purebred Angus and Hereford operation.

As a little background on that, just for the scope of it, at its peak, we ran approximately 1,000 purebred black Angus and 1,000 purebred polled Herefords on about 6,450 acres of land: 2,450 of that was crop, 1,000 hay, and the balance of that was in pasture. We dispersed our big herd in 2008 and reduced some of the land in 2009. Now we currently operate on 1,750 acres and have about 250 head of black Angus.

After the herd dispersal, one of my brothers, along with my father, continued to operate the farm day to day. My youngest brother now works in the oil and gas industry, and of course, just as I mentioned, I work for the Canadian Angus Association.

In light of what we're talking about here today, I think I'm a pretty good example to know what happened. I know the background on why the three of us, when we came to the fork in the road, all chose a different path.

I'll talk about the challenges of agriculture. Agriculture is in a very difficult position. Many of the decisions that will be made within the five years will affect the industry for decades. There are many areas of concern that need to be addressed. There's no single answer and there are no quick fixes.

One specific issue is the relatively small number of young individuals choosing primary agriculture, specifically beef production, as their sole business or profession. Through my work with the Canadian Angus Association, we keep statistics on these kinds of things, and the average age of an Angus producer is reaching 60 years old. So they're looking to retire.

Although the solution is complex, the reason young Canadians are not choosing primary agriculture is simple. That reason is simple economics. It's cost-prohibitive to start a farm, and there are many more attractive options. A viable farm operation is a multi-million-dollar proposition, and if you manage this operation with above-average standards, you could expect to see about a 4% return on operating. This would be with no regard for any capital investment. This is not an attractive business plan to take to a bank or to any investor to invest in your farm operations.

For those who do choose to enter agriculture, they are faced with many challenges to starting or continuing with an existing operation. The current financial reality, the ability to access funding for either operating or capital is difficult or even non-existent. As everyone knows, farming is weighted very heavily in capital investments. The cost of purchasing enough land, cattle, and machinery and to have a viable operation is very expensive. In most cases, interest rates are generally higher than the expected rate of return. This is even in well-managed operations.

The financial funding model for primary agriculture needs to be changed in order to allow farmers to have access to financing or to be able to attract investors. As one generation looks to exit agriculture, we look for ways to encourage another to enter, and succession planning is critical. On a typical farm, there's a backlog of generations. In many of these cases there are multiple generations operating within one farm operation. It's possible to have a generation in their eighties who still own the land, a generation in their sixties looking to retire and still waiting to inherit their land, a generation in their forties who are fully involved and waiting for their parents to inherit the farm, and yet we are still expecting the younger generation in their twenties, who have just completed college or university, to become involved. They're expected to dedicate their life to a promise that they will take control of their land at about the time they're looking to retire. This is not an attractive option for a young individual.

There was a time when capital purchases were more in line with the revenue and were not as cost-prohibitive as they are today. In central Alberta, within my lifetime, it was possible to purchase a piece of land and pay for it with two good crop years. During this time it was feasible to purchase land from the older generation and move on. Today this is not feasible.

I believe we need to change the approach to farm succession from a tsunami—which would be all at once, where you just buy the other generation out and move on—to gentle waves coming in and out. As we phase one generation out, we can bring another generation in, and not have one generation completely waiting to try to just take all the burden on themselves.

• (0935)

We need to change the culture and mentality of succession in Canada. This change may be more attractive for outside investment in primary agriculture. This could be accomplished with government assistance for farm operations to consult with financial planners to develop long-term intergenerational programs for succession of ownership similar to the way the environmental farm plans are set up. This would need to be done in conjunction with training for accountants, lawyers, and financial planners and with tax incentives

structured for people to enter agriculture and not just exit from agriculture, as in the case of the capital gains program. This structured transition would allow each prospective generation to have the security that they're not giving the farm away or working for nothing.

Another option is to develop a mentorship program. This would see financial assistance or tax incentives for farm operations to bring on a new member, family or non-family, and provide on-the-job training. Farm operations are generally asset-rich and cash-poor. They are unable to compete with the salaries provided by other industries. There are young individuals who would love to work on a farm but who are unable to because the salary provided would leave them close to poverty.

There would be a benefit to administering this mentorship program through the municipality, at a county level, through agricultural societies, or even through agriculture-based associations. The reason for this is to keep its focus narrow. This narrow focus is to keep it to people who are local, who are in agricultural fields that they are interested in and have previous experience in, and who wish to continue in that industry. The financial assistance from the government could be viewed as similar to the cost of training at a post-secondary institution using farmers as professors. There is no better teacher than someone who has made a living in the business.

Because of the diverse nature of agriculture, many of the current and previous government programs are complicated. They are intended to serve a broad range of farming operations, and through that, in the end, they end up helping very few. They're often not understood by farmers and even by some financial professionals. If the program method is the answer, they need to be flexible and simple in design to allow for better understanding by farmers and by financial professionals.

When there is a financial model developed that allows agriculture to be profitable, people will choose it as a business. It's a great place to work and raise a family, and it has a long and proud history. However, until there is a more feasible financial model, we'll see people, including workers and investors, migrate away from agriculture and move into other professions that are more lucrative.

Thank you.

• (0940)

The Chair: Thank you very much.

We'll now move to Mr. Buckman and Mr. Brecka, who are together. You will have five to seven minutes, please.

Mr. Brian Buckman (As an Individual): I'll start out.

I'm not much of a speech person and I didn't get much written up. We're a family. My wife and I run a mixed grain farm in the Nobleford area. I got an invitation about two weeks ago, right in the middle of spring, so I didn't get much put together. Two days ago we were seeding.

When I left high school, I got a technical ticket and worked at the John Deere dealership for ten years. In the meantime, I farmed for four years while working full time, and in 1997 I quit my job to go into farming full time.

We've had ups and downs in our area. I bought my first property in 1994 at a price of \$400 an acre. Right now land in our area is trading for \$1,400 to \$1,500 for dry land. If you watch the markets, you know there's no way to ever pay for that land at \$1,400 or \$1,500.

My biggest trouble in our area is competing with the subsidized market. Our crop insurance program and risk management are very costly in terms of the amount that we pay versus our protection. The U.S. is protecting their producers. An example would be durum; we don't grow primarily durum, but we grow some durum in our rotation. For the 2010 crop year the U.S. is giving them \$6 per bushel for durum, while we're over-produced; I can't sell the product I have in my bins from two years ago, and I can't pay my bills that I have from two years ago.

Flax is another crop we grow. We have a GMO issue with it. Our market has dropped. We have more bills to pay.

In 2003 BSE hit and borders were shut. We're in a major cattle-feeding operation area. After the millions of dollars handed to select corporations, it's very tough to compete with them as a grain farmer. They're importing products from the U.S. when they could be using our own locally grown products.

With the government helping out select groups, I find it financially very tough to compete in that market. At my age, at 40 years old, I don't see a future left in this for me or for my next generation. I think something has to change on the program side of it and with the way the government has handed out some of this money and continues to hand out some of this money.

The Chair: Could I have some examples of the groups you're referring to, Brian, if you wouldn't mind?

Mr. Brian Buckman: In our area, the biggest area of the group is the cattle. There's the BSE money that's been handed out, multi-million dollars into the BSE into the fed cattle market. We can't compete with that. We have a situation where we can't move our product anywhere, not even locally. Where they get multi-million dollars, we have to sit on product for two or three years before we can even market it. With the CWB only taking 60% of my durum production, I have to use every dollar from that crop produced to pay my bills, and if I can only move 60% of that, I don't pay my bills. If you don't pay your bills, do you know what happens? You don't continue.

I think I'll let Alan read his little speech and give us each a few minutes.

• (0945)

Mr. Alan Brecka (As an Individual): This is quite similar, actually. I too had a trade.

First of all, I'd like to thank the panel for being here today to meet with us. And I thank the weather, because now I don't feel guilty about taking a day off from the tractor.

As a little intro, my name is Alan Brecka. I operate an 1,800-acre cereal, grain, pulse, and oilseed farm near Picture Butte, Alberta. I'm what you'd call a young farmer, even though I'm 30 years old. This is my tenth year of actively farming. I also worked off the farm for ten years as a heavy duty mechanic to build equity until two years ago and then I went full-time into farming. I'm a third-generation farmer and hoping to have a fourth generation with the recent birth of our son. Please note that I'm a separate operation from my father. I have started out basically on my own. I'm not one who stepped into an operation with cash ready in the bank and new machinery.

I feel that anyone who is a grain farmer these days has to be an outstanding farmer, due to all the outside circumstances affecting our daily living. I can honestly say that without change in the near future for us, there'll be no new young individual farmers, including myself.

My first issue is with the lack of government support for the grain industry alone. This year we have seen China reduce its canola imports; a record world durum crop; a massive U.S. corn crop, which affects our feed barley and wheat prices; the rising dollar; GM flax in shipments; as well as a recession. Those are a few of the more pronounced problems we have. Yet the government will do nothing but take the high road with regard to NAFTA and the World Trade Organization. The American government pretty well guarantees a base price for their farmers, and yet we can't.

A young grain farmer with land payments, land rents, and machinery loans can't make ends meet with \$4 grain. It's time the feds stood up for Canadian agriculture instead of stepping down on the world stage to appeal to other countries.

That leads me to our current safety net programs. What was CAIS is now AgriStability. It's the same idea, roughly, but it still doesn't work for my operation. Anyone who grows average to above average crops and is diversified will almost never get a payment. Usually the losses incurred from one crop will be overshadowed by the rise in price of another. So your margin never changes, even though you budgeted for an increase based on current prices.

When I discussed this with my local Agriculture Financial Services Corporation office, they pretty much told me I was hedging my own risk anyway, so that's why AgriStability doesn't work for me. I've heard numerous horror stories about CAIS and AgriStability asking for money back with interest and administration fees. That is why I do not enrol in these programs.

What we need is a floor price for our grain or a cash payment based on either grain contracted through permit books or through end-use companies—i.e., grain companies, feed mills, maltsters, or feedlots. The aforementioned commodity can only be sold once and not again on paper to create losses, which I do see around in other sectors. I do believe there should be a cap on programs based on gross income of a farm and farming corporation. I feel the primary producers, either corporations or family farms, who gross more than \$1 million should not be eligible for certain programs. If a company is that large, the economies of scale apply, making them more efficient.

My next concern is with the Canadian Wheat Board. My father is an avid supporter, and I am to a certain extent, but these days it's hard to say whose side I'm on. Are they controlled by the government or not? How many millions of dollars of our money has been spent worthlessly on lawyers and advertising? I used to say that I seeded durum that was worth \$7.50 at seeding, was worth \$4.50 a bushel at harvest, and is now worth \$4.00 as we speak. We can only haul 60% this year, so essentially it's now only worth \$2.40 a bushel. Of course, the fertilizer and chemical costs are still the same as when we were seeding it at \$7.50. Where are they to support us? They say they aren't a lobby group, but who is lobbying at the World Trade Organization?

As you can tell, the odds are stacked against the grain farmer when it comes to any type of support. Many of us sit idly by and watch as other sectors in agriculture struggle yet receive provincial and federal support. There's the Canada-Alberta BSE recovery program, the high cost of feed and fuel, the Alberta farm recovery programs, the current hog industry buyouts and loans, to just name a few. These programs have given billions of dollars of ad hoc support to the red meat sector of agriculture. This has, at least in southern Alberta, created an abundance of multi-millionaire feedlot owners on the taxpayer dime. It's also created a large resentment among neighbours between those who received money and those who didn't.

I'm not here today asking to become a millionaire with programs and payments, just enough to pay my bills and eke out an honest living. I love what I do, but at today's prices they don't pay the bills.

Thank you.

The Chair: Thanks, Alan.

Now we'll move to Darcy Davis. Good to see you again, Darcy.

● (0950)

Mr. Darcy Davis (As an Individual): Thank you, Mr. Chair.

My name is Darcy Davis. I farm about 30 miles east of here, straight east. I have a slight grain operation—it's not very large any more—and a cow-calf operation.

I'll tell you a little bit about myself. I'm the past chair of the Alberta Beef Producers. I'm on the board of directors of the Canadian Cattlemen's Association. I'm a past president of the Canadian Agri-Food Trade Alliance. And I'm still working on some other efforts.

Another thing about me is that I have two daughters. One is taking horticulture in college right now. The other is on the farm and working off the farm. I have three nephews in my brother's operation who are working on the farm, trying to find their way through it. They just bought a herd of purebred cattle from a retiring farmer. So they're kind of going against the odds. I thought I'd put that in, as you've heard some things going the other way. How it turns out for them remains to be seen.

I really appreciate this opportunity to speak to you on this important subject. The lack of young farmers has been an issue since I was one myself.

The facts are fairly clear that the consolidation in farming has led to fewer young people staying on the farm. The consolidation has been a result of technology, larger and more efficient farm equipment, and thin profit margins, a result of variable input costs and market prices.

One other challenge is the cost of entry for a young person to start farming. The price of land and equipment is a barrier that many see as being too high to get over. Even generational farms have difficulties as young farmers buy out the older relatives' holdings.

But these are not new issues. For decades we have seen young people choose careers outside of agriculture even though they may have wanted to stay on the farm. The fact that it has been an issue for decades raises the question of whether the problem has a solution or is a fact of life.

Governments, both federal and provincial, have done a lot of work trying to assist and encourage young farmers. Success has been hard to gauge, which I am sure creates frustration. Government has a role to play, but we need to be very careful not to interfere in ways that create more problems than are solved.

Farming is a highly competitive business that operates for the most part in a free enterprise system and always has people exiting and entering the industry. Where government could play a role is doing its part to create markets that are as distortion-free as possible and that could provide opportunities for today's and tomorrow's producers. A business environment where we can use our Canadian advantages in a global market is achievable.

While the Doha Round of negotiations continues to drag on, Canada needs to do its part to be part of the solution and bring the negotiations to a successful conclusion. The George Morris Centre did a study where \$30 billion a year could be gained annually for Canadian export agriculture through the Doha Round. So we need that to continue.

While the conclusion to Doha may take some time, I would encourage the present government in its efforts to negotiate a free trade agreement with the European Union. This is a massive market that would give a boost to the bottom line of a lot of Canadian farms.

Another trade avenue would be to become engaged in the trans-Pacific partnership agreement being worked on by a number of our existing trade partners. This multilateral agreement could give us the access we need to growing Asian markets. Pursuing and completing these free trade agreements and seeking new trade relationships are an excellent way to provide for another generation of farmers to have profitable operations.

Another signal to young people to stay in agriculture would be some changes in the regulatory environment that western Canadian farmers operate in. When the malt barley industry declares that it will not be making any further investments in Canada until we have an open market for barley, that is telling us that we have reached a dead end. We need our products to be processed in Canada.

I took part in a plebiscite in which a full two-thirds of prairie barley producers supported an open market for barley. Anyone looking to enter an industry would want to know that the government is listening to the producers of that industry and responding.

The last suggestion I will make is that while we acknowledge the fact that we operate in a very competitive world, the young Canadian farmers should be the best competitors they can be. I often tell young people that if they like driving a tractor, then they should get a job driving a tractor. If they want to farm, they need to like being business managers.

Agricultural colleges and universities need to be supported to give our farmers of tomorrow a chance to compete. These farmers of tomorrow need to have the technical understanding of growing crops and raising livestock, but they also have to have knowledge of markets, financing, and management. As well, it would be excellent if we valued those young people who get education and take on careers that support agriculture as much as those involved in production.

● (0955)

For Canada to be competitive, we need research scientists and agronomists who understand our advantages and challenges, but we also need new ideas in thinking. We need our colleges and universities to produce young people with degrees in agriculture

policy. When I was chair of the Alberta Beef Producers we could find young people with marketing degrees, communication degrees, and business degrees, but nobody with anything in general agriculture policy.

Many of the land-grant universities in the U.S. have whole faculties teaching agriculture policy. The graduates of these schools go on to work for industry associations, and then take positions in government, both elected and bureaucratic. We need a talent pool of young people who can analyze regulations and legislation to figure out what the intended and unintended consequences of such actions will be. You're hearing a number of those issues today, whether it's payments to some sectors and not others, regulations on environmental situations, or those kinds of things.

In conclusion, for the government to be of assistance to young farmers it needs to be on their team, supporting, educating, and providing opportunity, but ultimately having the wisdom to know when to get out of the way.

The Chair: Thank you very much.

Now we have Mr. Townsend, from Wild Rose Agricultural Producers.

Mr. Lee Townsend (Director, Wild Rose Agricultural Producers): Thank you, Mr. Chairman.

Good morning. I would like to thank the honourable members of the standing committee for allowing me the opportunity to come before you to discuss some of the issues regarding youth in Canadian agriculture.

To provide some background on myself, I'm a second-generation beekeeper from the Stony Plain area. I operate 2,500 colonies along with my father, strictly for honey production. I sit on the board of directors of the Wild Rose Agricultural Producers. I'm the vice-president of the Alberta Beekeepers Commission and sit on the executive of the Canadian Honey Council.

I've had the opportunity over the past four years to be involved with two young farmers' groups in Alberta, the Alberta Young Farmers and the Future Agricultural Business Builders, as well as the Canadian Young Farmers' Forum.

There are a number of issues that current potential young farmers face across Canada right now. A recent report done by A.N. Scholz & Associates Incorporated with APAS in Saskatchewan, called "Strategies and Recommendations for New Entrant and Intergenerational Transfer Program Needs", lists succession planning, business training, mentoring and apprenticeship programs, messaging and image, financial tools, immigration, and coordination as their seven major focus areas. I would like to focus on mentoring and apprenticeship programs, as well as messaging and image, in relation to youth in agriculture.

In Alberta there is a great deal of discussion and exposure regarding the lack of knowledge of our youth about where the food they eat comes from and how agriculture has an influence on their life, directly or indirectly. It's very unsettling when I hear people make light of a child saying that milk, meat, eggs, and bread come from Sobeys and not from cows, chickens, and grains. While it may be amusing to hear the innocence in their voices when they say it, it reinforces the growing disconnect the next generation has with agriculture.

As they progress through their schooling, a lot of energy is directed towards educating children on the many things they can do with their lives in the form of a career. Very seldom is primary agriculture ever discussed or promoted as an option. More often than not, the educators don't take a student's interest in agriculture seriously. I've heard numerous students tell me that the educators ask them, "Why would you want to do that?" in a negative tone. If you go to a career fair, the number of booths dedicated to primary agriculture is limited as compared with those for other professions.

Alberta is fortunate to have the green certificate program, which is an approved complementary program of study available to all Alberta high schools. Becoming a competent farm production technician, completing a level I green certificate, requires taking three courses and upon completion receiving 16 credits. I am a tester in this program for the beekeeper production technician curriculum, and I believe that this program is a great tool available to all high school students in Alberta. The inherent problem with the program is that generally the only students who take it are those who are already active in some variety of agriculture, as it has a tendency to be used for easy credits.

That's not to say that the course is poorly written, as its content is very detailed and could definitely pose a challenge to students with and without an agricultural background. The problem I have seen with this course is that there are virtually no students from non-agricultural backgrounds taking part in the program.

How do you change this?

The people involved with creating, administering, and testing of this program are an extremely dedicated group who work towards the advancement of a student's understanding of agriculture and the continued growth of these students once they finish high school and move on to post-secondary education or move directly to a career in agriculture. Outside of this program there is very little mentorship or leadership available to students, and that outside mentorship and leadership is what's needed to get students with little to no agricultural background involved in the program.

We need to look at programs that have been successful in accomplishing such mentorship and leadership from the U.S.A., Australia, and even, within our own country, from Quebec, and find ways to incorporate that foundation in our education system in Canada.

Another area of concern for agriculture and future generations is the image agriculture has among the general public, the media, and even within government itself. In his report, Mr. Scholz states that one of the top barriers the industry faces in attracting new entrants,

youth in particular, is the messaging and image attached to agriculture and farming.

Celebrating success on farms and of farmers may be the easiest way to make a difference. Recognizing the efforts of individuals puts a tangible element to the message in a way the public can understand. Federal government financial support to Bombardier, GM, and Chrysler is rationalized and promoted as a critical stimulus to the national economy, but support to agriculture is often reported as a handout. Why? The agriculture and food sector is the largest employer in every province across Canada and is the real driver of the national economy. The federal government has a vital role and responsibility in developing a positive and progressive image of farmers in the agricultural industry at large.

This is something I'm sure we've all heard numerous times. Now it's up to all of us to work on changing this image and making farming more socially acceptable and appealing for young people. Farmers generally have skill sets that cover a number of broad areas because of the unique nature of the agricultural profession, and it's imperative that we use that fact to our advantage in drawing people to agriculture.

It is also important to convey the message of what farmers contribute to society as a whole. There are provincial and national young farmers' organizations out there that are available to draw on for this, and I feel that government has a real opportunity to join with these groups to work together on these ideas.

● (1000)

It is apparent to those currently in agriculture that this is something our government takes seriously, given the announcement of funding from the Government of Canada for the Canadian Young Farmers' Forum and the fact that these discussions are taking place across the country right now. But more needs to be done to spread the message and to educate our youth as to the prospect of becoming agricultural producers.

In 2006, the Statistics Canada census found that only 9.1% of farmers in Canada are under the age of 35. The average age of the Canadian farmer is 52. The same census also found that 80% of Canadians live in urban centres and 20% live in rural areas. The final disturbing number is that less than 3% of our population farms. Even though our post-secondary education is doing a commendable job in giving new entrants into farming the knowledge they need to become involved, more has to be done at an earlier age to prevent the results of the Statistics Canada census from getting worse.

I would like to thank you all for taking a greater interest in future generations of agricultural producers. I would hope that as a result of these sessions across Canada, everyone works together to solve these issues as well as the many others out there.

Thank you for your time.

The Chair: Thank you, Lee.

We'll go to Mr. Scarlett from the Canadian Young Farmers' Forum.

Mr. Rod Scarlett (General Manager, Canadian Young Farmers' Forum): Just a little bit about myself: I'm obviously not a young farmer; I'm the general manager of the Canadian Young Farmers' Forum.

I'd certainly like to thank the standing committee for coming to Crossfield. It's just down the highway from where I was born. I was born and raised in this constituency, Didsbury, Cremona, and Carstairs, so I'm quite familiar with this area.

I hope each of you is aware of the Canadian Young Farmers' Forum. It really is Canada's primary organization for young farmers between the ages of 18 and 40. The mission of the CYFF is to promote the exchange of ideas and to foster collaboration between young and future farmers of Canada. Our purpose is to provide a multi-faceted educational and development opportunity for young and beginning farmers from across Canada. Briefly, as an organization, we try to identify problems, promote the exchange of ideas, prepare young farmers for active roles in other organizations, consolidate opinion, and facilitate the development of young farmer organizations across the country, of which there is at least one young farmer organization throughout every province in Canada. We have access to probably over 10,000 young farmers through e-mail and contacts.

The CYFF is not a lobby organization, but we're certainly willing to provide ideas and information. As such, the board met a couple of weeks ago in Montreal and discussed a number of issues that we feel should be raised in these discussions. To begin with, it's quite clear that more information is needed before any detailed discussion about young farmers can effectively occur. We need to get current and accurate information on the number of young farmers in Canada, their locations, their size, scope, and type of operation. We need to know how those farms are structured, where they are in their business plan, and what the future business plan has in store. Obviously these are not questions that are answered easily. Farmers are surveyed a lot, and some are not willing to provide any more information.

What we do believe is that we can, as an organization, help you, the policy-makers, in finding that information. We know that through the delivery of some of our programs, young farmers relish the opportunity to exchange information with other young farmers. We believe that given proper resources, we can survey young farmers across Canada and get that much-needed information for you. We have a good base from which to start, in that every province has a young farmer organization. By obtaining this good information, you, the policy-makers, can ensure that the programs and the assistance that may be offered are directed properly.

We know, for example, that there is a tremendous amount of dollars that are going to have to be transferred in the upcoming decade, and that succession planning is an important tool in this transfer. What we don't have is a good handle on how many young farmers are on this track, where they are in the process, and to what extent the dollar transfer will be, and what are the implications.

Obviously, good information is very important, but there are some immediate issues that can and need to be addressed. A number of the fellow speakers here have touched on them. Farmers, ranchers, organizations, and politicians must be on the same page to improve

the image of agriculture. Providing Canadians with safe and healthy food at affordable prices in an environmentally friendly manner only serves to promote the industry. It is important that we promote a positive image to the consumers of our product. This sends a strong message to those in the industry that there is support, there is concern, and there is a future. A strong and vibrant industry image will only serve to attract new entrants.

The promotion of the industry also corresponds to promoting agriculture as a career choice. This should start in schools but is not restricted to educational institutions. The industry itself needs to take a better, proactive role. Certainly one of the differences I've seen between established farmers and new and beginning farmers is optimism. There seems to be a pervasive feeling among some farmers that the young generation shouldn't be encouraged into the field. There may be legitimate reasons, but they must be overcome in order for the industry itself to have a succession plan.

• (1005)

You as politicians can assist by offering support to institutions to have agricultural courses and training, training core courses, and putting a positive spin on the industry, for the industry. Simply referring to aid to the industry as support or subsidies is a good starting point to change your language.

The industry itself has taken a proactive role in mentorship with commodity organizations. I've used the Canadian Cattlemen's Association as an example, and certainly some general farm organizations. Downstream industry players, a lot of private industries, have adopted successful mentorship programs. It is, however, not just mentorship between generations that is important, as our experience into what we've given as training in our best management practices courses across Canada has illustrated.

Younger producers are excited to exchange ideas and information with their peers. They are open and receptive to new ideas and innovative management techniques that other young producers have developed. We need to continue to promote this exchange of ideas between young producers throughout the country, as it may represent one of the greatest opportunities.

The last point I wanted to raise is the idea of farm programming that at the very least does not discourage young farmers and new entrants.

We seem to have taken the easy way out in designing programs. New entrants and beginning farmers are often forced to take area averages or average production as a basis for starting out in a program. While it's easily calculated and somewhat justifiable, it often places young producers at a disadvantage, since margins have not been particularly high in the last few years. We need to put program parameters in place that allow stability and growth early, encouraging both industry and long-term participation.

I'm really focusing on some broad general themes here. I know the other participants here at the table probably have more specifics, but I've raised some concepts that our members, young farmers from across Canada, have raised in meetings and discussions. I'm sure you'll hear similar messages from some of our members as they make presentations to your committee in these other provinces.

Finally, I just want to thank you once again for taking the time to engage in discussions on young farmers in the future.

• (1010)

The Chair: Thanks, Rod. You've got a great organization there. We appreciate it.

Mr. Lucas, last but not least. Five to seven minutes, please.

Mr. Paul Lucas (Director of Agriculture and Food, Northlands): Good morning, and thank you very much for the opportunity to speak with you today.

My name is Paul Lucas and I'm the director of agriculture and food for Northlands in Edmonton, Alberta. While my discussion with you today is not directly related to issues of farming, it is related to youth and youth development in agriculture and my observations that are cause for concern.

As the largest and oldest agricultural society in Canada, Northlands engages approximately 2,200 volunteers in our events and programs throughout the year. Our role as an agricultural society is to provide the platform for business of agriculture and food. One of our major pillars of the business is youth development in agriculture. As a non-profit association, without volunteers, programs and events would not take place on our site. One of the many challenges we all face as agricultural societies is an aging volunteer base and finding a better way to engage with youth in our programs and events.

I was recently elected to the Royal Agricultural Society of the Commonwealth, with one of my roles as a member liaison for Canada. The Royal Agricultural Society of the Commonwealth is headed by Prince Phillip, with a mission to encourage the interchange and development of sustainable agriculture, forestry, fishing, and rural development throughout the Commonwealth, working with and through these leading national agricultural show societies throughout the Commonwealth.

Canada is not considered a player in the eyes of the RASC, and I hope to change that with the collaboration and integration to a united voice with common goals and objectives around youth and agriculture for Canada. I know we have the ability and the resources to make a difference. The audience with you today I hope will encourage discussion and engagement into promoting and developing youth in agriculture, a program of the RASC called "The Next Generation".

The next generation are the successors to the RASC as the older generation retires. With a billion Commonwealth members under the age of 25, the Commonwealth is not widely thought of in Canada to engage with. The Canadian membership in this association is very low, and we need to become a player in the Commonwealth, as we have a lot to offer.

The RASC wants to draw attention to the possibilities for youth to engage more and widen their horizons and share experiences, skills, and advice to encourage enterprise. This was from the Queen's message in 2009. Many agricultural societies across Canada lack resources, motivation, and drive to lead the next generation, as they could play a key role in promoting this throughout their agricultural regions. Agricultural societies need to be more strategic, proactive, creative, inspirational, and challenge youth of today to step up and get involved in all aspects of agriculture, not just farming.

Being involved in putting together agricultural trade shows and livestock shows, we have tried to encourage universities and colleges to participate in the career fair targeted to the urban and rural youth, to learn what types of careers there are in agriculture. One of the main messages that I have heard from several institutions is that youth are being discouraged by their parents and told not to get involved in careers in agriculture but to find a paying job. Their parents do not generally encourage their children to get involved in farming as a career. This, I believe, is a critical issue to review, because I think it is impacting on the future of farming. This is a generalization, of course, on my part, but it is what I believe.

One recruiter recently told me they were finding it more and more difficult to encourage youth to take agriculture at university because of their parents' lack of encouragement to get involved. If this is true, what will agriculture look like in 2050, when the food demand expands three times from its current levels? Agriculture is a critical component to our everyday lives. Farmers feel unappreciated by the urban public and lack the respect they deserve as a critical resource for the world. And this aging farming population struggles to make a decent return on their investments in time and money.

How many youth are prepared to take over from this generation, and how many don't really care to follow in the footsteps of their parents? Farming is changing. It's becoming specialized and requires major capital to keep up with technology and trends to reduce input costs. The conglomerates are coming, and they're consolidating the land.

•(1015)

Since BSE, our organization has seen a decline of 50% in heads shown in the purebred beef industry. We have seen a further 60% decline in purebred breeders registering for a show we put on called Farmfair International.

With the impending food demand of three times the current level by 2015—a mere 1% increase per year in food demand—and the necessity of having more arable land, we need to encourage, promote, appreciate, and celebrate the importance of agriculture in this country.

In Commonwealth circles, Canada is not seen as a player in promoting the next generation or in supporting the RASC. I have tried to connect with every major provincial agricultural society across Canada, with a view to creating an awareness of the importance of youth. Not one association has expressed interest in participating, citing money as the issue.

The old-thinking agriculture societies need to embrace and lead the way in promoting and supporting youth development in agriculture. Most put on agricultural events, fairs, and livestock shows. How many support the development of youth? This should be part of their mandate and mission statement as ag societies in Canada. The world is changing, and I fear that ag societies in this country need to step up and take the challenge of promoting the development of youth and youth engagement in agriculture.

As a G-7 nation, we are rich beyond our dreams. Little is done to support developing countries. While I know that this is far from the truth for Canada, we should be pooling our ideas. Associations across this country should better promote what Canada does in support of the RASC and Commonwealth countries through engaging the younger generation.

There is much we can tap into as a country in the Commonwealth. And I hope that some of what I am saying will be of assistance in drawing attention to this tremendous opportunity.

In order to promote the next generation, I would like to see every provincial ag society review the proposal to create a rural achievers program. Every ag society could promote rural achievers within their regions. They could be judged at each provincial association's annual convention. The prize for winners could be a work experience across the country at fairs, exhibitions, rodeos, and agriculture events. As an example, first prize for the winner of the Australian Rural Achiever Award is a trip to the Calgary Stampede.

One of the final proposals we're working on with the RASC is the development of a farm in a developing country—Ghana, in Africa—that becomes a sustainable agriculture centre of excellence for a developing country. It would have the support of the next generation and the RASC, universities, and colleges throughout the Commonwealth.

In my recent conversations with the U of A and Lakeland College, I learned that a major focus is supporting education in developing countries as an initiative for creating connections for student enrollment and education for the future.

I want to thank you for the opportunity to speak to you today.

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

We'll now move to questioning, and we're going to go to five-minute rounds.

We'll go to Mr. Valeriotte.

Mr. Francis Valeriotte: Gentlemen, thank you all for taking time out of your schedules to be with us today.

I am going to ask either Michael or Darcy the first question. Whoever feels comfortable can answer, or both of you can answer. It's with respect to succession planning.

The Canadian Bankers Association came before our committee in Ottawa a couple of weeks ago, if not last week. We talked about succession planning issues. Yesterday, in Kelowna, we heard the same about the problem of succession from one generation down to the next, to a certain degree, but more so, from one sibling over to another sibling when the same opportunities and the same tax incentives aren't there.

I was just thinking about what ideas you might have to incentivize the transition from one generation to the next, even to someone non-related. If somebody wants to buy your farm, and you don't have a child or another relative who wants to do it, they would be provided some opportunity, through capital gains exemptions or a deferral of the capital gains of some sort, if the promise and commitment were made to continue to farm for 10 or 15 years, or that kind of thing.

Do you have any thoughts on that, and do you propose to make some lobbying efforts or propositions to the government?

•(1020)

Mr. Michael Latimer: Why it becomes important is that when a young person is coming into this, they don't have any equity to put in. Why I'd talked about it earlier, to get into a viable farming operation, you're going to be over \$5 million. The interest alone on that will eat you up before you even get started, and you'll be done and bankrupt before you can even get your first calf crop on the ground.

So I think I talked about it earlier: you can't afford to borrow it all at once. The older generations, people who are looking to retire, they have all this equity in the land and no cash. It's almost like a reverse house mortgage, which is probably a dangerous topic to bring up now. But they could almost pay the new generation coming in, in that equity, and let the new generation build up equity through their work—kind of phase one generation in and phase another out.

It's simple economics on this. If you can't afford to get into it, then it doesn't even matter what the returns are when you are in it because you can't even get started. I don't think you as a government want to see the big multinationals take this over, but I don't think it should be a bad word to see big, privately owned farms either. We talked about—and I've heard it here a few times—where everybody wants to be able to expand, but then, on the other hand, they're saying they want to keep small family farms.

Mr. Francis Valeriote: Do you think it should be extended to non-related people—the incentives under the Income Tax Act—to encourage the transfer from one generation to another, even non-related generations?

Mr. Michael Latimer: Yes.

Mr. Francis Valeriote: Darcy?

Mr. Darcy Davis: I think it could be. I think there would have to be some qualifications around that, about how young the person is and maybe commitments about how long they'd farm. I think there's an ability to do that.

I think, as well, we could create corporate tracts—corporate may be the right or wrong word—or cooperative structures in communities where farmers can farm in groups and then receive some tax relief in those kind of joint ventures. We're seeing some guys do that now, with equipment being so expensive. We could make it easier for those joint ventures to work so that several farmers could own one piece of equipment and things like that. Right now a lot of farm programs and taxes don't recognize those entities very well. So it would require some more flexibility to have that available to them.

Mr. Francis Valeriote: We've heard for one year now the problems with the non-harmonization of regulations in other countries with those in Canada. I'm sure it's something you're aware of—being able to use pharmaceuticals in the United States that you can't use here, creating a competitive advantage for them. Are you experiencing the same thing, and would you be recommending changes? If so, what kinds of changes do you think should be made?

Mr. Darcy Davis: We have to be able to certify these drugs and these chemicals for grain farmers at the same speed that our competitors do. We can't have generic drugs and generic sprays available—herbicides available—in other countries and then our certification process takes four years. That's ridiculous. That's part of the competitive disadvantage we have as Canadians.

The Chair: Your time is up.

Michael, before we move on, you made a comment about family farms and yet not, basically, larger farms. Would you agree with the statement that the family farm today still exists but overall is much bigger than it was 20, 30, or 40 years ago?

Mr. Michael Latimer: Yes, they have to be bigger just to survive. It costs basically the same to buy a 50- or 60-foot air seeder as it does to buy a 30-foot air seeder. You might as well be bigger and rolling. We've seen it on our farm, where we're medium sized. We saw it where we were large sized and now we're back to a small size. Each of them has its own set of problems, but I'd rather deal with the problems of being big because they're more management problems. Then you have some economies of scale. This doesn't mean they're big multinational corporations. They're just farming units.

When I was there I had me, two brothers, my dad, and an uncle—his kids were too young to really be part of the outfit. So there were a lot of us there. To have this simple little old mom and pop with the chicken barn, we can leave that in the 1950s. We don't need to stay there.

Farming has to be a business and there has to be some training. We have to change the mindset of a generation here. I think the younger generation—younger than me—coming in understand that maybe better than the 80-year-old guys who are on their way out. That generation saw the horse age go to a tractor driving itself across the field. It's a lot in the mentality of it.

It even comes into the mentality of encouraging young people to get into it. I've even taken the flak, a little bit of “You ended up doing that? Why didn't you go and do something else?” You have to justify why you did it, and you shouldn't have to do that.

•(1025)

The Chair: Okay, thank you very much.

Mr. Bellavance, five minutes.

[*Translation*]

Mr. André Bellavance: Thank you very much for your presentations.

You are right, Mr. Latimer, things have really changed. I saw a certain shift myself: my grandfather, whose name I have, was a dairy farmer who did his milking by hand until he was 94. I do not think that happens much anymore. He used to feed his calves from a bucket every morning, but that was near the end of his life. He still helped my uncle, who took over the farm. In those days, the natural progression was for one of the children to take over the farm. You could gain your livelihood as a farmer.

Today we heard from witnesses—and not just today, mind you—who said that young people were asking themselves a lot of questions just about whether they would be able to make ends meet if they took up farming. It is definitely not easy. That is not to say that all farmers used to make a fortune, but it was possible to make a decent living in agriculture.

I want to speak to the two producers, Mr. Brecka and Mr. Buckman. One of you—and I do not remember who—mentioned the Canadian agricultural income stabilization (CAIS) program, as compared with the agristability program. We began our tour yesterday, and already we have heard similar comments, namely that the former Canadian agricultural income stabilization program and the current agristability program are exactly the same.

But there is something you did not talk about. You said that it does not work well: farm inputs continue to increase while the value of your products decreases, fluctuates or stays the same.

Do you think the agristability program should take into account production costs? In other words, agriculture has changed drastically, but what has not changed is the government's responsibility to ensure that we use our land, that we have a viable farming sector, that we produce food here and that we are able to feed our people. To do that, we have to ensure that farmers can earn their living from agriculture. The agristability program was put in place to do that. It is the successor to the Canadian agricultural income stabilization program, which was inadequate and did not work well. The government said it was going to change it. As with many programs, it was not put in place to be inadequate. Still today, we are realizing that the program still has flaws, and that is normal.

In my view, a change, among other things—and that is what we are hearing more and more—needs to be made. This kind of stabilization program should take into account production costs. Do you have an opinion on that?

[English]

Mr. Brian Buckman: My first comment on the stabilization programs is right now we're doing 2009 taxes. We're done with that. There are guys who are still working on 2007 stuff right now. The timely fashion is way too long. You have borrowed money on this. There's no way you can get your money to the people who need it when your payments are committed. You have payments every quarter, or whatever, on your property or machinery, and we're working on 2007. That's two years that you're paying interest on top of that. It's just not working. We've never collected anything through CAIS on my farm operation. I grow wheat, durum, flax, canola—peas, occasionally. We're diversified, so we hit the top markets on some and the bottom. It has not worked on my farm operation at all. We don't even have grocery money out of it, let alone payment money out of it. It's not working for my operation.

Mr. Alan Brecka: It's the same here. It's pretty much diversified. CAIS or AgriStability, whatever, shouldn't be based on the whole margin of your farm. It should be based on each individual.... Say, for example, durum this year is a dog. Everyone knows that. So I'm losing money on it, but my lentils have been through the roof. So they offset one another. It still shows the same margin. I budgeted for next year x amount of dollars and then the pools came out and they dropped, and I don't see that any more. And neither does the government, right? I still have the same expenses. They've actually gone up, roughly, but it's not enough to trigger anything.

• (1030)

[Translation]

Mr. André Bellavance: I recently spoke with the president of the Canadian Federation of Agriculture. He mentioned an article that

appeared in *Western Producer*, which revealed that Agriculture and Agri-Food Canada's planned spending for 2012-2013 would be significantly less than what it spent in the fiscal year ending March 31. It was just under \$2 billion, which is 45% less than what it spent in the fiscal year ending March 31, around \$3.5 billion. One of the reasons was agristability.

I thought of a comparable situation—then I read the article, and *La Terre de chez nous* also mentioned the decrease in spending—in terms of employment insurance. Everyone pays into the EI program, but not everyone is entitled to collect EI benefits.

As far as agristability goes, I see that many people contribute to it, but a lot of them will not be able to access it at the end of the day. This will save the government a lot of money, but you will end up being the ones who suffer.

Of course, we will see what ends up being the main message we hear from people during our tour, but our key recommendations will probably include changes to this program.

[English]

Mr. Brian Buckman: I think what we'd like to see is just to be paid for the product we grow. Personally, I don't want to be paid for something I can't grow. If we can grow a product, it's a premium product. Pay us for our product.

Nobody ever wants to rely on a government program. It doesn't make anybody money. All it does is create more expenses through administration fees. For example, since 1992 for my crop insurance, I paid a premium of \$115,000. I get \$85,000 back on my crop insurance program. That's from 1993 to 2008. If we could get paid for our product, that's all most farmers want. They want to be able to be proud of what they grow and get paid for what they do.

Mr. Alan Brecka: We basically just need a floor price. North Dakota, or whatever, get basically \$6 for their durum. I can't pencil out a \$4 durum, yet I've seeded it already. I've stuck my neck out for the year. The Americans get \$6 that they're basically guaranteed, so they're going to be growing more durum just because the government pays it out. Isn't that kind of defeating the purpose of NAFTA and the World Trade Organization? Can't we step up and do something like that for our guys?

The Chair: Thank you.

Mr. Atamanenko, five minutes.

Mr. Alex Atamanenko: Thank you, all of you.

Before I start, I'd just like to say, Mr. Latimer, that you mentioned that your degree is in recreation administration, and you were kind of wondering what you were doing here. I also have a degree in recreation administration, and sometimes I'm wondering what I'm doing here also.

Yesterday we visited some fruit producers in the Okanagan. We heard some pretty gut-wrenching stories of people saying, "That's it. We have apples being dumped, for example, in our country. We've signed onto NAFTA, and apples are being dumped below the cost of production. We can't compete." A number of them have mentioned that with supply management at least they have predictability, they have a certainty of a market, and they're even thinking of trying to get some kind of an orderly market going to save our tree fruit industry in Canada.

I've just completed, basically, a two-year tour across this country. I visited 28 communities on what we call the "Food For Thought" tour, just listening to what people have to say about food sovereignty, food security. One of the themes that I heard over and over again is that a lot of these trade agreements have had a negative effect on our farmers, in spite of some of the positive effects, obviously.

Mr. Davis, you mentioned that you would like to see a successful conclusion of the Doha Round. It's my understanding that if that were to happen, as the agreement currently exists, there would be some concessions. The average dairy farmer probably would lose \$70,000, the current 7.5% quota would go up to 10%, the over-quota tariff would come down, and certainly very soon our Wheat Board would be gone because of the pressure from the world community.

You also talked about the Canada-EU free trade agreement and you would encourage us to get on board. The provinces of all political stripes seem to be supporting this, in addition to the federal government, but it's my understanding that this agreement will open up contracts to European companies that will now have access to municipal, federal, provincial, and crown corporation contracts. This, in my opinion, would be a step in devastating rural Canada, because now we'd have a company here in this community competing with local contractors from Switzerland on a bid, and the local municipality would have to accept their bid if it was lower.

It's also my understanding that supply management and the Wheat Board are on the table. The Europeans would love to get their hands on our dairy and egg and poultry markets.

So I'm just wondering about your thoughts on this. How can we possibly encourage an agreement that would have these constraints put on our ability as a country to survive?

• (1035)

Mr. Darcy Davis: I think we'd survive. If we can't compete with them, I think we're in some real trouble.

I think you bring up some important points. I think the problem is a lot of these trade agreements haven't gone far enough.

You mentioned the Doha Round, so I'll start with that. The fact is, if we finish the Doha Round, we would have no more export subsidies. We wouldn't have countries subsidizing exports straight across, which we've seen countries go back to in the last two or three years. I'll use the example.... These guys are talking about the LDP program—loan deficiency payment—and the Farm Bill in the U.S. In the Doha Round, instead of their being able to spend \$60 billion subsidizing their industries down there, they would be limited to \$8 billion under the Doha Round. So you gradually get to a point where you start to look after some of these inequities.

I think the fact that we would open up our markets to European suppliers is great, because maybe we'd get access to supplying them with things. We saw what happened with Buy American. We've been supplying the Americans with lots of things. When they went to Buy American it came back on us. I guess it comes down to this. Can Canada be a little island and only supply itself with things? I'm sorry, we can't. We grow too much stuff; we can't eat it all. Unless you want to turn Saskatchewan into a national park and have all the food grown in southern B.C., southern Alberta, and southern Ontario—maybe southern Manitoba a little bit...that's all we need. We need to export; we need to find these agreements. It's become much more difficult, which doesn't mean I think you give up on it.

Mr. Alex Atamanenko: Other countries have sensitive categories and we have them in certain agreements. Could we expand the sensitive categories to ensure that our tree fruit industry, for example, is protected, as is our supply management?

Mr. Darcy Davis: Well, the crux of the problem for 20 years is that everybody else's sensitive products are what we export. Beef and grain are sensitive in other countries; our sensitive products are chicken and dairy. I think they would still be allowed to have a 75% to 125% tariff if the Doha Round went through. The rest of us in agriculture don't have any of those kinds of tariffs.

I'm not speaking for the supply-managed industries. I get myself in a lot of trouble doing that. But I think at the same time we have to move forward and figure out how we're going to deal in this new world where our dollar is par with the U.S. dollar and where our currency is high against a lot of the world's other currencies. We must keep managing our competitiveness.

The Chair: Thank you.

I'll move to Mr. Richards for five minutes.

Mr. Blake Richards: Thank you very much.

Thank you all for being here today. I know some of you have come quite a long way across the province. I think it's a good representative panel here of various viewpoints from across Alberta, and we sure appreciate you being here.

A question I've asked all our young farmers who have come before us who are going to study is really trying to get a sense of what's different across different generations, whether it be your father's or grandfather's generation, not as young farmers but what's the difference between your generation and your kids. That's been a very interesting question to ask, and I've had a range of different answers.

One of the common threads there certainly seems to be that while the input costs are going up, the price received at the farm is not, and I've certainly heard that again here today. Actually, though, I'll put a little bit of a different twist on that question for this panel, because I heard a few examples of farmers who probably are going against the grain a little bit.

Mr. Buckman, and Mr. Brecka in particular, you both mentioned that while you previously had jobs off the farm, over the last few years you've come to the point where you are now able to farm full-time without the income off the farm. That's certainly not a story we're hearing very commonly. Farmers are telling us, and I think it's no surprise to any of us, that a full-time job off the farm sort of pays for the other full-time hobby on the farm. Unfortunately, this is really what it all too often comes to for too many guys: it's not really an income and a way to make a living. So I want to get a sense from you as to how you have been able to go against the grain.

Actually, Mr. Davis, you mentioned your nieces and nephews and how they've just bought in and bought a herd from a retiring farmer. So it sounds like to some degree they're going against the grain as well.

Mr. Brecka, I think you even mentioned that you haven't succeeded your father on the farm, that you've actually started your own farm. That's very unique in today's day and age, unfortunately.

I'd therefore like to hear from the three of you. How have you been able to go against the grain?

• (1040)

Mr. Alan Brecka: Well, it's like you said. Basically, I started off with his equipment, but I started my own business, everything else. You know, it's been tough. I quit two years ago. My wife is a nurse, and she's off now on leave, but she was basically paying all the other bills. I got in with two good years when the prices were right. Durum went through the roof for two years, then all of a sudden has gone down 300% since. Now we're actually talking about going back to work. That's pretty sad, you know, especially on 1,800 acres, if a guy can't make it pay.

My dad, you know, when he was farming back in the seventies and eighties...yes, they had high interest rates, but land prices were low, and he didn't have any of that trouble. Now I have high land prices and low interest rates, so really there's not much difference there. It kind of pencils out the same stuff.

Basically, I've got about a year or two left of farming at these rates, at these prices and everything; otherwise I'm going to sell. This is due, as I said, to these subsidized intensive livestock operations around my area. I'll not get a good dollar for my land. I mean, I took the equity when I had a house in town, working, and I paid off the first quarter of land and all that stuff, then bought some more, and

paid through the nose for it, but I had to in order to be farming close to my parents.

They've been talking about succession planning, but we're nowhere near that yet. I don't know what's going to happen in the next year or two. I might have to simply pack it up and cut my losses. That's why I'm here today.

Mr. Brian Buckman: I guess with mine, I started also from ground level. I run older machinery. With my heavy-duty back-ground, all my stuff gets fixed in my own shop. We do all our own stuff, so we send very little to town, which is very, very expensive.

Good landlords and good working relationships with people, I guess. You know, I adjust with the commodities and the values of stuff, so I guess it's very important. Communications with the people we work with is how we've done it.

Mr. Blake Richards: I commend you both, because clearly you must be smart businessmen to be able to do what you're doing. That's really where the future of farming is, people who approach it from a business-like point of view.

Mr. Davis, you had mentioned your nieces and nephews. I just wanted to hear your thoughts on that situation.

Mr. Darcy Davis: Well, ours is different. We're a multi-generational operation. My grandfather came up from the States in 1901 and started farming in our area. To me it's a little ironic, in that he and his brothers custom-broke land for all the neighbours. There were seven of them. They broke land for neighbours for cash so they could eat. The grain they raised, some was fed to the horses and some was exported at that time.

As my dad farmed.... He was an only son, but my grandfather actually had a couple of side businesses. He bought houses and rented them out in the little town of Acme and sold fertilizer off the train. My dad wanted to be just a farmer. He didn't want to have any side businesses, so he was pretty clear on that.

When I started farming in 1983.... It's kind of ironic to talk about the price of land. My great uncle, who was a bachelor, passed away, and we had a land auction and the half section across the road from where I farm now sold for \$1,450 an acre in 1983. When I bought my land, it was for \$1,000 an acre in 1983. I've managed to scrape and scabble along, and I've bought land and sold land. For me, being active in the politics and these kinds of things has been about my daughters and my nephews, to try to find a way forward with some freedom.

I agree with Brian, we don't want the government in every aspect of our business. I think it's frustrating to see others in other areas of Canada and North America get subsidies that we don't get. The fact that dried distillers' grains are coming up to these guys' neighbours from subsidized ethanol plants, and they can't ship their durum south because of rules we have, that's frustrating for me. It's hard for me to really be positive with my nephews and my daughters about it. But at the same time, they really love the industry and want to give it a go. How it works for them, time will tell. It will probably be up to their business acumen, how well it goes.

I think we really have to face the reality of the competitive environment and how hard it is. Once you do that and try to work your way forward, it's easier than wishing for things that maybe aren't possible.

• (1045)

The Chair: Thank you.

Your time was well up, but we were getting some good answers and I wanted to hear them.

Brian and Alan, I just wanted to go on to something. I've farmed all my life. I bought my first cattle on my own when I was 16. I know what the profitability is like in agriculture today. My youngest brother is farming my land while I'm stuck away in the business of politics or whatever.

I want to go back to a comment you made that being diverse hurts you in the programs. I understand that, and I don't want to take away.... I think there are two different things here. One is the lack of profitability in agriculture. I think that's one of the things we'd like to see.

An example on my own farm that I'm going to use, and I'd like comment on it.... Back in the 1980s, everybody in my part of the world.... And I've got the second-largest beef riding in the country, next to Lethbridge, where feedlot alley is. We're basically a grass and forage legume area. Everybody in my area tried to grow corn for a cash crop. We still grow it for corn silage for livestock feed, but to sell it as a cash crop didn't work. I remember that I could have kept growing it, which some did and had crop insurance and what-have-you pay for it, and maybe some government programs. But at the time it wasn't working.

I guess the reason I'm bringing this up is to ask if we as producers don't also have a responsibility to try—although diversity is the main part of it—to be diverse to stay profitable, in some ways. I know that isn't totally working today, but just to criticize the fact that one subsidizes the other.... I quit growing corn as a cash crop because it just damn well wouldn't work in my area. I guess I felt as a responsibility.... I don't want government.... As I know nobody else around this table does, I don't want my cheque out of a mailbox.

Would you agree with that statement that we do have responsibility as producers to be diverse for that reason, taking away the profitability part of it?

Mr. Brian Buckman: Absolutely, we do. The biggest problem we have in our area, though, is some of that diversification. Other guys aren't doing it.

One example would be the fusarium coming in. A lot of it was brought in through the U.S. corn. It's huge. That area has grown barley, barley, barley, and now we're all around it. That corn was imported, we've got grains around it, and our government is doing nothing for us on some of those issues. They'll slam us in one spot, and then they turn a blind eye to the next spot.

Yes, I have to diversify. I can't worry about whether my durum is going to be \$2 or \$4, I have to grow different crops so I have something to market. I have bills to pay every quarter; I have to have something to market. Where the CWB says I have to market when they want it, I can't tell the bank I'll pay you when the CWB takes my wheat. I can't do that. If I have quarter payments, I've got to make sure that's there. That's why I have gone to the different grains like the feed grain or canola or flax.

• (1050)

The Chair: Alan, did you want to make a comment?

Mr. Alan Brecka: It's quite similar, actually. I sit on the computer for probably an hour to an hour and a half a day, and I get three to four bids—canola and everything. That's why I've gone into pulses in the last three years—the cash crops, the canola and everything.

There's no point in looking on the Wheat Board website this year, because you know it's only going to be 60% and you know what the price is. You don't get any cash daily bids from Pioneer for durum. So that's why I've diversified the farm in the last few years.

My dad was a straight barley and durum man because it always paid the bills. Now it doesn't pay the bills any more. I've moved on, and it still didn't quite pay all the bills this year.

Mr. Brian Buckman: It's funny, I farmed a section of Alan's dad's farm while Alan was working. What year was it, Alan? We sat down at the table one day and we went over our income and expenses. It was wheat and barley for Alan's dad. That's what you grew: wheat and barley. We had canola, and I said "I can't continue to do this, Stan. Either you pay some expenses or we're going to have to do some changes." Alan's dad is a big Wheat Board guy. He said "I've made my money and done well, you're going to do that." I said "Then we're not going to rent any more." And that's when Alan came back on the farm. So I guess I gave him an opportunity to make some money.

He's been a good friend; we've been family friends forever. It's great to work with your neighbours, but you have to make money doing it.

The Chair: I think we have a little less than ten minutes left.

Mark, would you try to keep it to one question, if you could?

Hon. Mark Eyking: I have a question for Lee. You're in the egg business, and you have bees, is it?

Yesterday when we were at the orchards they were saying how critical the beekeepers are to their operations. And I think canola also needs pollination.

I think Alberta has quite a substantial honey operation. How do you see the federal government enhancing that? Should the program be separate for beekeepers, or where do you see the big problems? Should the government have more research on diseases? Where do you see the bee industry itself as maybe a bigger industry in the scheme of things?

Mr. Lee Townsend: That's a good question. For the last three years we've faced pretty big losses, as everyone is aware. We applied for ag-recovery funds. We petitioned or lobbied for more research facilities, more researchers, more educators, and nothing was coming our way.

So we joined with the Alberta government, the Alberta Beekeepers Association, the hybrid seed canola companies, and we formed a hive health program. We went around with the technicians and we trained and educated beekeepers in how to get their hives healthy again, how to expand. The big are getting bigger; the small ones are disappearing because they don't want to put that time and effort in. Farming is no longer farming; farming is a business, and that's how they have to treat it.

We took it upon ourselves to help ourselves because there was no help coming down the pipeline. If we had waited for the federal government or the provincial government to do it on their own, we would have died—we absolutely would have died—so we had to do it all on our own.

Now that they've seen that—and I think it's a big thing when we can show government we can take the initiative and do something to better our industry, improve it and grow it—I think that goes a long way for the government to jump on board and help us out.

With respect to your question of how the government can help us expand the industry or grow it, we basically did it in Alberta with the hive health program, and other provinces are looking at doing that too. That's something that if the government wanted to jump on board and really assist us with that, it would be great.

One more comment is that we had a course at Fairview College for agriculturalists, for beekeeper technicians. That died. That's going to be started again in January 2011. So we're also taking an active role in education for the industry. But again, it was industry that had to lead that.

Hon. Mark Eyking: Thank you.

Do I have any time left? I have one small one.

The Chair: We may get time to come back.

Mr. Lemieux.

Mr. Pierre Lemieux: Thank you for your presence here today.

There was some discussion about AgriStability, some of the programming, and farmers not wanting to earn their livelihood from government cheques. It is somewhat of a dilemma we find ourselves in as a government. As was mentioned yesterday, we met with fruit growers. There were some complaints about AgriStability and whether it was paying out or not, and helping or not.

I want to let you know that through AgriStability about \$3.4 billion to \$3.8 billion is paid out almost every year to farmers. In a sense it's money that's not seen, because it's not advertised or announced. It just gets delivered. I'm not sure that's the answer either. The programs are to help people get by in a crisis, but you don't want them masking market conditions or deeper problems. There's always a risk of that. If a lot of money flows from the government over a long period of time, deeper problems can be masked by that because we're just getting by.

Other than programming, what is one thing a few of you could mention as a key thing that government could do, other than programming, that would actually help you?

• (1055)

Mr. Brian Buckman: It could audit some of the payouts.

Mr. Pierre Lemieux: Do you mean through the program?

Mr. Brian Buckman: It could audit the payouts to the people who got the money to see if they needed it and deserved it. Did you ever read the book *The Boy Who Cried Wolf*?

Mr. Pierre Lemieux: Okay. Good.

Does anyone else have something they would like to add?

Mr. Alan Brecka: I agree with that. In our area there are those intensive livestock operations. Basically we had to sell the smaller guys out. It's been money that.... You know, they cried wolf. There's all the propaganda with feedlot foods, money, beef, and this and that.

They get their billions of dollars handed to them. The Liberal government, back in 2003 or 2004, handed out \$995 million and we hardly saw any of that. Now these guys are buying up land at ridiculous prices. How can they still be losing money? It makes me so mad inside. I sit there in my 30-year-old tractor farming honestly, and he's in his new tractor. He has a 1,000- or 5,000-head feedlot he's losing money on, but he's driving around in a \$200,000 tractor and a \$60,000 truck. It doesn't make sense to me.

Mr. Pierre Lemieux: Good. Thank you.

Anyone else?

Mr. Rod Scarlett Other than programming, if we're looking at the future the biggest change will be in management training. I think Darcy mentioned future farming and how it has changed. Going back to the 1970s and 1980s, farmers made money on production. Now you don't make money on production; you make money running a business. I think training, education, and how to farm are going to be key. Governments can step in and assist in that training.

The Chair: Thank you.

I think we have time for one quick question.

Francis.

Mr. Francis Valeriote: Darcy, you made reference to subsidies. Last year in committee my understanding was that some provinces offered different subsidies for different farming operations. Can you reflect for us on the subsidies available for your industry in Alberta, because I think there's diversity between provinces?

Mr. Darcy Davis: Sure. As these guys have mentioned, we had FRP I and II in Alberta. They were one-offs that weren't offered in other provinces. We've seen Quebec offer their ASRA program to their producers. So different provinces do different things that skew markets. I think Saskatchewan even had a cow-calf payout last year, which was a first for them. With some of the wealth from potash, I guess they feel they can do it.

I think you've raised a really important point. We have these national meetings of agriculture ministers from across the country where they discuss agricultural policies. I think we need to start having some really hard discussions about what's happening in trade between provinces and what's being offered between provinces, and hold each other accountable.

In my experience, beef producers, especially in the Maritimes, have been deeply injured by Quebec subsidies. They've really been hurt by them. Their provinces don't have the treasuries to compete with that. So you have those kinds of things happening. I don't know if the national government could police those kinds of things, or how we could get around them. It's a real problem.

Mr. Francis Valeriote: Are there any current ones in Alberta?

• (1100)

Mr. Darcy Davis: Any one-offs at this point? I guess spring price endorsement on grain would be one, but that's a self-funded program that you buy premiums on. And there's cattle price insurance as well,

which is self-funded. The administration is paid by the provincial government.

The Chair: Thank you very much, gentlemen. As always, we never seem to have enough time, but I really appreciate all of you taking the time to come here today. I know how hard that is to do.

Brian, you touched on one issue. I have a private member's bill that deals with large, publicly traded corporate companies. If it's successful, they will not be able to have access to regular government programs. You can't make it illegal for a packer to own hogs or cattle. You can't make it illegal for different grain. They can own them, but I've always been of the belief that they shouldn't be able to access the same type of money that you as producers can.

Some misinformation out about my private member's bill: it does not affect large corporate farms, family corporate farms, in any way whatsoever. It's only publicly traded corporate companies. I'll pass my card around to all of you, and maybe some of the other members will. I would invite comment on it, because it hasn't come before the House. If you're critical of it, I want to hear that, but ultimately the goal is to get it so that real farmers get to access that money, and not large corporations.

Thank you again.

André.

[*Translation*]

Mr. André Bellavance: I want to say something to Mr. Davis. When he mentioned the subsidies in Quebec that angered the other provinces, I was not sure whether he was talking about ASRA, the farm income stabilization insurance program.

I would just say that producers in Quebec pay for it. It is an insurance system. They pay for that insurance out of their pockets. So it is not some windfall. That is what I wanted to clarify.

[*English*]

The Chair: I think that's a fair statement. Some provinces support agriculture, and Quebec is one of them. I wish my province of Ontario did a little bit.

Anyway, thanks again, gentlemen. We really appreciate it.

The meeting is adjourned.

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